

Original Application

Northridge Surgery Center

CN1806-023



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Northridge Surgery Center
Name

647 Myatt Drive
Street or Route

Davidson
County

Madison
City

Tennessee
State

37115
Zip Code

Website address: www.northridgesc.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Corey Ridgway
Name

Market President
Title

United Surgical Partners International, Inc.
Company Name

CRidgway@uspi.com
Email address

20 Burton Hills Boulevard, Suite 210
Street or Route

Nashville
City

TN
State

37215
Zip Code

Parent of Management Company
Association with Owner

(615) 376-7300
Phone Number

(615) 825-0024
Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on 8½" X 11" **white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: This project is a relocation of Northridge Surgery Center (“Northridge”), an existing Ambulatory Surgical Treatment Center (“ASTC”), from ZIP code 37115 in Madison, Davidson County to a location 9.5 miles driving distance in adjacent ZIP code 37075 in Hendersonville, Sumner County. The proposed site is a 2.2-acre tract that is part of a 17-acre site at 601 Saundersville Road. This will allow Northridge to exit a high crime area and be closer to its existing patient base. The applicant will also reduce the number of CON approved operating rooms from five (5) to three (3) in order to function more efficiently and cost-effectively. A single procedure room will remain, to complement the surgical procedures.

As a relocation of an existing ASTC under the same legal entity, tax identification number, and provider numbers, the Northridge project is subject to the Construction, Renovation, Expansion and Replacement standards and criteria.

There are no other outstanding and unimplemented certificates of need held by the applicant.

Six factors are relevant to the need for this project.

- **Facility Age.** The age and general condition of the facility require renovation in the near future, necessitating a material outlay of financial resources.
- **Neighborhood Crime.** Police records (www.crimemapping.com) show substantial levels of crime in the area. On the same block as Northridge Surgery Center (600 block of Myatt Drive), there were 27 arrests in the last six months for theft/larceny (6), drug/alcohol (5), assault (4), burglary (4), and six other arrests involving a vehicle break-in, sex crime, vandalism or weapons charges. There was one homicide on the 500 block of Myatt Drive, as well.
- **Patient Base.** ZIP code 37115 is the fourth largest referral source for Northridge, from which it received 184 patients in 2017. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075, but not to 37115. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest ZIP code referral sources. 37075 and 37066, while still serving its other existing patient populations.
- **Road Access.** The proposed location is relatively close to the existing site, but in an area that is less congested and is served by two major highways – Gallatin Pike and US-31E. When compared to the existing site, the proposed site will be part of a new medical complex and will visually be more appealing and likely deemed “safer” by patients.

- Practice Consolidation and Growth. Tennessee Orthopedic Associates ("TOA"), long aligned with United Surgical Partners, Inc. ("USPI") and Saint Thomas Health, is constructing an office building next to the Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.
- Population Growth. The Northridge four-county service area has projected growth rates through 2022 that exceed the State of Tennessee average, helping to further support this proposed project that actually reduces the number of Operating Rooms in the HSDA inventory.

2) Ownership structure;

RESPONSE: Entities and persons with more than 5% ownership in the Northridge Surgery Center, L.P. entity are: Saint Thomas / USP Surgery Centers II, LLC, 71.34%; and Piedmont Partners, L.L.C., 8.00%. The remaining 20.66% of ownership interest is distributed among various physicians and physician groups with no entity having 5.0% or more ownership share.

3) Service area;

RESPONSE: Northridge will continue to serve a four-county service area consisting of Sumner, Davidson, Robertson, and Wilson Counties. The relocation of the Northridge Surgical Center is 9.5 miles driving distance to the east, from ZIP code 37115 to the adjoining ZIP code 37260. Since the straight-line distance is smaller, the service area will not change even though the relocation is from Davidson County to Sumner County.

To summarize and illustrate this point:

1. Northridge is in ZIP code 37115, its fourth largest ZIP code referral source, from which it received 184 patients in 2017
2. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017
3. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075 but not to 37115
4. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest zip code referral sources, 37075 and 37066, while still serving its other existing patient populations

4) Existing similar service providers;

RESPONSE: The proposed project will not have a negative effect on existing providers. The practice growth of TOA surgeons and the consolidation of TOA surgeries from other USPI/Saint Thomas centers will support the projected growth. The other USPI/Saint Thomas centers that will be minimally affected are in Gallatin and Nashville (Baptist). The number of operating rooms ("ORs") will decrease from five to three ORs. The slight decompression at these related facilities in Davidson and Sumner Counties will enable backfill growth from other surgeons in those markets.

The strong population growth rates in the four-county service area will assure future demand for surgical services, which will benefit all surgery providers.

5) Project cost;

RESPONSE: Of the \$17.1 million in project costs, only \$3.4 million represent an initial capital contribution.

6) Funding;

RESPONSE: Funding for the project will come from the owners' reserves and a commercial loan.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: Northridge now has a positive financial margin and will continue to maintain a positive financial margin upon relocation

8) Staffing.

RESPONSE: As an existing facility, only four additional staff will be needed for this project that reduces the number of operating rooms from five to three but does increase the number of surgical procedures marginally over time.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: In 2017, Northridge reported 2,587 operating room cases along with 233 procedure room cases. With the proposed reduction of two operating rooms, the total complement of surgical rooms will be three operating rooms and one special procedure room. For 2017, the number of cases per operating room for Northridge would have been 862 at this reduced complement as opposed to 517 with the full complement. This right-sizing of the facility, along with the growth of the service area population and the Northridge/TOA surgical staff, will make Northridge compliant with the Agency's minimum guideline of 884 cases per operating room. A single procedure room will remain, to complement the surgical procedures.

2) Economic Feasibility;

RESPONSE: Northridge now has a positive financial margin and will continue to maintain a positive financial margin upon relocation.

3) Appropriate Quality Standards; and

RESPONSE: Northridge is now licensed by the state of Tennessee and has every intent to continue to be so in the future. Northridge is also accredited by The Joint Commission and has every intent to continue to be so in the future. As part of the Saint Thomas Health network and USPI, Northridge also has access to a full range of quality and utilization management resources.

4) Orderly Development to adequate and effective health care.

RESPONSE: Northridge is part of a larger family of existing ambulatory surgery centers that benefit from a partnership between Saint Thomas Health and USPI. The demonstrated experience in providing cost-effective, quality outpatient surgical care has led the Northridge management team to re-evaluate decisions made by previous owners and to reduce the number of operating rooms and relocate the facility closer to its existing patient base.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: Not applicable.

4. SECTION A: PROJECT DETAILS

Owner of the Facility, Agency or Institution

A.

<u>Northridge Surgery Center, L.P.</u>	<u>615-376-7300</u>
Name	Phone Number
<u>20 Burton Hills Boulevard, Suite 210</u>	<u>Davidson</u>
Street or Route	County
<u>Nashville</u>	<u>37215</u>
City	Zip Code
<u>TN</u>	
State	

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	<u> </u>	F. Government (State of TN or	<u> </u>
B. Partnership	<u> </u>	Political Subdivision)	
C. Limited Partnership	<u> X </u>	G. Joint Venture	<u> </u>
D. Corporation (For Profit)	<u> </u>	H. Limited Liability Company	<u> </u>
E. Corporation (Not-for-Profit)	<u> </u>	I. Other (Specify) <u> </u>	<u> </u>

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>.

RESPONSE: See TAB 1, Attachment Section A-4B-1.

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

RESPONSE: See TAB 2, Attachment Section A-4B-2.

5. Name of Management/Operating Entity (If Applicable)

<u>Surgis Management Services, Inc.</u>	
Name	
<u>20 Burton Hills Boulevard, Suite 210</u>	<u>Davidson</u>
Street or Route	County
<u>Nashville</u>	<u>37215</u>
City	Zip Code
<u>TN</u>	
State	

Website address: www.uspi.com

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.

RESPONSE: See TAB 3, Attachment Section A-5.

6A. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|------------------------|-------|--------------------|----------------|
| A. Ownership | _____ | D. Option to Lease | _____ X |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of ____ Years | _____ | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

RESPONSE: See TAB 4, Attachment Section A-6A.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- 1) Plot Plan **must include:**
 - a. Size of site (*in acres*);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.

RESPONSE: See TAB 5, Attachment Section A-6B-1.

- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

RESPONSE: See TAB 6, Attachment Section A-6B-2.

- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: The proposed new site of Northridge lies along Saundersville Road, which lies between Gallatin Pike to the north (also called Vietnam Veterans Boulevard), a limited-access, multi-lane highway that connects with I-65 and proceeds east, and US-31E to the south, another major highway that connects downtown Nashville with Hendersonville and beyond. Robertson County residents will continue to access Northridge via US-41 to Gallatin Pike, and Wilson County residents will still access Northridge via TN-45 and Myatt Drive to US 31-E.

Please see **Tab 7, Attachment Section A-6B-3** for two maps, one showing access via these highways and the second map portraying the short distance between the existing and proposed sites.

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | |
|--|--|
| A. Hospital (Specify) _____ | H. Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty <u>X</u> | I. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction _____ |
| F. Mental Health Hospital _____ | M. Other (Specify) _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | |

Check appropriate lines(s).

8. Purpose of Review (Check appropriate lines(s) – more than one response may apply)

- | | |
|---|--|
| A. New Institution _____ | F. Change in Bed Complement _____
[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] |
| B. Modifying an ASTC with limitation still required per CON _____ | G. Satellite Emergency Dept. _____ |
| C. Addition of MRI Unit _____ | H. Change of Location <u>X</u> |
| D. Pediatric MRI _____ | I. Other (Specify) <u>Decrease</u> <u>X</u> |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) <u>Multispecialty ASTC</u> | Operating rooms by two _____ |

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare X TennCare Select

Medicare Provider Number 7100077710

Medicaid Provider Number 3288670

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare Yes No X N/A Medicaid/TennCare Yes No X N/A

10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical	_____	_____	_____	_____	_____	_____
2) Surgical	_____	_____	_____	_____	_____	_____
3) ICU/CCU	_____	_____	_____	_____	_____	_____
4) Obstetrical	_____	_____	_____	_____	_____	_____
5) NICU	_____	_____	_____	_____	_____	_____
6) Pediatric	_____	_____	_____	_____	_____	_____
7) Adult Psychiatric	_____	_____	_____	_____	_____	_____
8) Geriatric Psychiatric	_____	_____	_____	_____	_____	_____
9) Child/Adolescent Psychiatric	_____	_____	_____	_____	_____	_____
10) Rehabilitation	_____	_____	_____	_____	_____	_____
11) Adult Chemical Dependency	_____	_____	_____	_____	_____	_____
12) Child/Adolescent Chemical Dependency	_____	_____	_____	_____	_____	_____
13) Long-Term Care Hospital	_____	_____	_____	_____	_____	_____
14) Swing Beds	_____	_____	_____	_____	_____	_____
15) Nursing Home – SNF (Medicare only)	_____	_____	_____	_____	_____	_____
16) Nursing Home – NF (Medicaid only)	_____	_____	_____	_____	_____	_____
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)	_____	_____	_____	_____	_____	_____
18) Nursing Home – Licensed (non-certified)	_____	_____	_____	_____	_____	_____
19) ICF/IID	_____	_____	_____	_____	_____	_____
20) Residential Hospice	_____	_____	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____	_____	_____
*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision						

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

RESPONSE: Not applicable.

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>
N/A	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: – RESPONSE: N/A

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maurry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Northridge ASTC						16,500	16,500
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF						16,500	16,500
*Total Cost						\$6,847,500	\$6,847,500
**Cost Per Square Foot						\$415	\$415
<p>Cost per Square Foot Is Within Which Range <i>(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)</i></p> <p>Response: This is a turnkey, lease arrangement with the landlord. Please reference the architect cost verification letter in Tab 8.</p>					<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator – RESPONSE: Not Applicable

- Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
- Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev	Types:	<input type="checkbox"/> SRS	<input type="checkbox"/> IMRT	<input type="checkbox"/> IGRT	<input type="checkbox"/> Other
	Total Cost*:		<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease	Expected Useful Life (yrs)	_____
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____			
<input type="checkbox"/> MRI	Tesla: _____	Magnet:	<input type="checkbox"/> Breast	<input type="checkbox"/> Extremity	<input type="checkbox"/> Open	<input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*:		<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease	Expected Useful Life (yrs)	_____
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____			
<input type="checkbox"/> PET	<input type="checkbox"/> PET only	<input type="checkbox"/> PET/CT	<input type="checkbox"/> PET/MRI			
	Total Cost*:		<input type="checkbox"/> By Purchase	<input type="checkbox"/> By Lease	Expected Useful Life (yrs)	_____
	<input type="checkbox"/> New	<input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____			

* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- D. Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	Monday through Friday	8am - 5pm
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

RESPONSE: This proposed project is for a relocation of an existing ambulatory surgical treatment center to a site that is 9.5 miles driving distance from its current location and a reduction in the number of operating rooms from five to three. The only set of relevant criteria and standards applicable to this project is the Construction, Renovation, Expansion and Replacement of Health Care Institutions. See responses, below.

1) Construction, Renovation, Expansion and Replacement of Health Care institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: No service-specific standards apply. The proposed project does not add beds or services or medical equipment. The proposed project is a relocation of an existing ambulatory surgical treatment center and reduces the number of operating rooms from five to three.

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

RESPONSE: Due to high crime at the existing location, renovation to the existing facility is not an option. Relocation is necessary to improve these conditions and to become more accessible to the existing patient base.

Six factors are relevant to the need for this project.

- Facility Age. The age and general condition of the facility require renovation in the near future, necessitating a material outlay of financial resources.
- Neighborhood Crime. Police records (www.crimemapping.com) show substantial levels of crime in the area. On the same block as Northridge Surgery Center (600 block of Myatt Drive), there were 27 arrests in the last six months for theft/larceny (6), drug/alcohol (5), assault (4), burglary (4), and six other arrests involving a vehicle break-in, sex crime, vandalism or weapons charges. There was one homicide on the 500 block of Myatt Drive, as well. Please see **Attachment Tab 9** for the attachment of a Crime Statistics map from the Nashville Police Department's website showing crime in the current location for the past six months.
- Patient Base. ZIP code 37115 is the fourth largest referral source for Northridge, from which it received 184 patients in 2017. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075, but not to 37115. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest ZIP code referral sources. 37075 and 37066, while still serving its other existing patient populations. A map of these ZIP codes is shown in **Attachment Tab 10**.
- Road Access. The proposed location is relatively close to the existing site, but in an area that is less congested and is served by two major highways – Gallatin Pike and US-31E. When compared to the existing site, the proposed site will be part of a new medical complex and will visually be more appealing and likely deemed “safer” by patients. Two maps have been provided in **Attachment Tab 7**, one showing the highway access provided by this new site and the second portraying the short driving distance between the proposed and existing sites.
- Practice Consolidation and Growth. Tennessee Orthopedic Associates (“TOA”), long aligned with United Surgical Partners, Inc. (“USPI”) and Saint Thomas Health, is constructing an office building next to the Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.
- Population Growth. The Northridge four-county service area has projected growth rates through 2022 that exceed the State of Tennessee average, helping to further support this proposed project that actually reduces the number of Operating Rooms in the HSDA inventory.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: In 2017, Northridge reported 2,587 operating room cases along with 233 procedure room cases. With the proposed reduction of two operating rooms, the total complement of surgical rooms will be three operating rooms and one special procedure room. For 2017, the number of cases per operating room for Northridge would have been 862 at this reduced complement as opposed to 517 with the full complement. This right-sizing of the facility, along with the growth of the service area population and the Northridge/TOA surgical staff, will make Northridge compliant with the Agency's minimum guideline of 884 cases per operating room. A single procedure room will remain, to complement the surgical procedures.

Tennessee Orthopedic Associates (“TOA”), long aligned with United Surgical Partners, Inc. (“USPI”) and Saint Thomas Health, is constructing an office building

next to the Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: Not applicable. This proposed project is for a relocation and reduces the number of operating rooms from five to three.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: Not applicable. A relocation obviates the need for renovation of the existing facility location.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: The proposed relocation of the Northridge ASTC is part of a strategy to consolidate surgeon practice patterns and, secondarily, decompress highly utilized services at the Gallatin and Baptist ASTC sites. However, this project is also driven by the older facility and community environment and crime surrounding the present location. This ASTC will be located next to a medical office building and immediate care clinic.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable.

Please complete the following tables, if applicable:

Service Area Counties	2017 Utilization-County Residents (unduplicated patients)	% of Total Patients
Davidson	697	30.0%
Sumner	617	26.6%
Robertson	329	14.2%
Wilson	123	5.3%
Subtotal	1,766	76.1%
Other TN	518	22.3%
Other States	36	1.6%
Total	2,320	100.0%

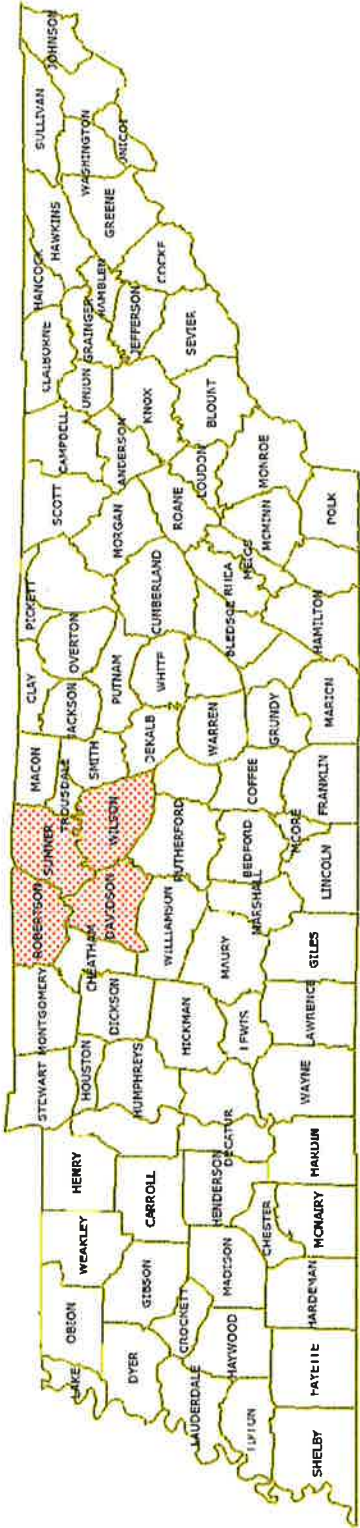
Source: ASTC Joint Annual Report.

Approximately three quarters of patients who come to Northridge for outpatient surgical care reside in the four-county area on the north and east side of metropolitan Nashville. The location of the existing site and the proposed site are readily accessible to residents of this service area and obviates the need to travel farther into Nashville and the traffic and congestion that occurs.

According to our analysis, patient origin patterns are projected to approximate current distributions since: 1) selected surgeon practices will consolidate activity at this new location; 2) the new location is readily accessible via two major highways (Gallatin Pike, US-31E); and, 3) population growth projections for the service area are larger than the overall Tennessee average. Existing referral patterns and surgeon relationships will also continue to direct patients who live outside of this service area to this proposed Northridge site.

Please see the county service area map on the following page.

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: The Northridge ASTC will continue to serve its four-county service area with the 9.5-mile driving distance relocation into Sumner County. The straight-line distance is even closer. The proposed site is in the center of a populous and high-growth service area. The Total Population base of 1,092,689 in 2018 and is expected to grow by 5.5 percent through 2022. Each of the four counties has projected Total Population growth that is larger than the State of Tennessee average of 4.4 percent.

The Median Age of the service area approximates the State of Tennessee average. Davidson County's median age is 34.2; however, the remaining three counties are at or above the State's level of 38.5 (38.5 – 40.3). While Northridge serves all ages, the service area's Age 65+ population is forecasted to grow by 17.0 percent, also larger than the State's growth of 15.8 percent. This is significant since this age group uses more healthcare resources than all of the other age segments.

Other demographic measures support continued financial viability of the new location, as Northridge continues to serve all patients regardless of insurance coverage. Compared to the overall Tennessee median household income ("MHI") of \$46,574, the service area MHIs are all higher (\$50,484 - \$63,426). The four service area counties are at or below the Tennessee level of persons living in Poverty. The Tennessee average of persons at or below the poverty level is 17.2 percent, while the service area counties range from 9.1 to 17.7 percent. Similarly, when examining the percentage of TennCare enrollees to Total Population – the service area counties are at or below the State's figure of 20.8 percent (14.7 to 20.0 percent).

Please see the table following the service area map for the detail figures to which this summary refers.

- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/ Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population- Current Year	Total Population- Projected Year	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population- % Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

RESPONSE: This preceding table is provided on the following page, using the data sources and format requested.

Though seniors (age 65+) are high users of healthcare services, this project will benefit all population age cohorts. Consequently, there is not a separate target population for this project.

When looking at the age distribution of unduplicated patients served by Northridge, the 2017 JAR survey data shows the following:

Age Group	Patients	Distribution
0 – 17	1,049	45.2%
18 – 64	674	29.1%
65 and older	597	25.7%
TOTAL	2,320	100.0%

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census - 2016				TennCare	
	Total Population Current Year - 2018	Total Population Projected year - 2022	Total Population - % Change	*Target Population (Age 65+) - Current Year 2018	*Target Population (Age 65+) - Projected Year 2022	*Target Population % Change	Target Pop Projected Year as % of Total	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Sumner	184,532	195,970	6.2%	30,095	35,752	18.8%	18.2%	39.5	\$58,972	N/A	9.7%	28,867	15.6%
Davidson	698,061	730,404	4.6%	82,501	94,148	14.1%	12.9%	34.2	\$50,484	N/A	17.7%	139,439	20.0%
Robertson	76,231	81,065	6.3%	11,724	14,223	21.3%	17.5%	38.5	\$56,331	N/A	10.5%	13,530	17.7%
Wilson	133,865	145,698	8.8%	22,113	27,241	23.2%	18.7%	40.3	\$63,426	N/A	9.1%	19,653	14.7%
Service Area Total	1,092,689	1,153,137	5.5%	146,433	171,364	17.0%	14.9%	NA	NA	N/A	N/A	201,489	18.4%
State of TN Total	6,960,524	7,263,893	4.4%	1,175,938	1,362,320	15.8%	18.8%	38.5	\$46,574	N/A	17.2%	1,446,799	20.8%

Sources: TN DOH Health Statistics, Bureau of the Census - 2016, and Bureau of TennCare - March 2018

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The Northridge ASTC will continue to provide care to all clinically appropriate patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients. For 2017, the proportion of unduplicated patients served who were non-White was 24.6 percent. Of Northridge's Gross Patient Charges of \$16,338,065 – Medicare patients represented 35.9 percent, Medicaid/TennCare represented 19.6 percent and Self pay represented 0.5 percent. (Source; JAR survey.)

Northridge will continue to serve these populations through its existing surgeon base, some of whom will consolidate their surgical practices from other ASTCs into the new Northridge location.

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: A detailed listing of ASTC providers is shown in **Tab 10, Attachment Section B-E**. Shown there are the most recent three years of utilization data from JAR Survey data by provider. Below is a summary of utilization by service area county providers.

All ASTCs		Surgical Rooms			Encounters			Cases per Total Rms		
County	Providers	ORs	PRs	Total	CY2015	CY2016	CY2017	2015	2016	2017
Davidson	32	63	48	111	109,977	106,995	105,848	991	964	954
Robertson	0	0	0	0	0	0	0			
Sumner	3	5	4	9	5,563	5,552	6,351	618	617	706
Wilson	3	3	4	7	3,947	4,400	4,603	564	629	658
TOTAL	38	71	56	127	119,487	116,947	116,802	941	921	920

Source: JAR surveys, 2017 Final Master ASTC file; Surgical rooms were taken from 2017 data.

In this table, ASTC utilization for the four-county service area has declined somewhat since 2015. But this decline was isolated to Davidson County-based providers. Utilization by ASTC providers in Sumner and Wilson Counties increased. The number of cases per surgical room by provider ranged among the ASTC providers from a low of 1 to a high of 2,599 in 2017.

The data changes after the removal of ASTCs who had no Operating Rooms, that is, where all Surgical Rooms were classified as "Procedure Rooms". Please see the summary table below.

Only ASTCs Having ORs		Surgical Rooms			Encounters			Cases per Total Rms		
County	Providers	ORs	PRs	Total	CY2015	CY2016	CY2017	2015	2016	2017
Davidson	19	63	17	80	72,042	75,967	78,133	901	950	977
Robertson	0	0	0	0	0	0	0			
Sumner	3	5	4	9	5,563	5,552	6,351	618	617	706
Wilson	2	3	2	5	2,016	2,237	2,588	403	447	518
TOTAL	24	71	23	94	79,621	83,756	87,072	847	891	926

Source: JAR surveys, 2017 Final Master ASTC file; Surgical rooms were taken from 2017 data.

In this preceding table, utilization has increased years 2015 through 2017. For 2017, the average number of cases per surgical room was 926. The range in cases per surgical room among the ASTCs consisted of a low of 263 to a high of 2,599. [This is after excluding Southern Hills Surgery Center. Southern Hills had four operating rooms and 77 cases for 2017 (first year).] Of the 24 providers, including Southern Hills, seven providers had over 1,000 cases per surgical room while nine providers had under 700 cases per surgical room.

The applicant, Northridge Surgery Center, was one of these providers having under 700 cases per surgical room. In 2017, 2,587 operating room cases were reported along with 233 procedure room cases. With the proposed reduction of two operating rooms, the total complement of surgical rooms will be three operating rooms and one special procedure room. For 2017, the number of cases per operating room for Northridge Surgery Center would have been 862 at this reduced complement, as opposed to 517 with the full complement. This right-sizing of the facility, along with the growth of the service area population and the Northridge/TOA surgical staff, will make Northridge compliant with the Agency's minimum guideline of 884 cases per operating room. A single procedure room will remain to complement the surgical procedures.

Sumner County also has relatively few Ambulatory Surgery Treatment Center operating rooms to its total population – as shown in the following table. Relocating a short distance away from the existing site, but in Sumner County, will help residents access surgical care within their county instead of traveling to providers in other counties.

County	ASTC ORs	Population	ORs per 100k Population
Davidson	63	689,338	9.14
Robertson	0	75,017	0.00
Sumner	5	181,647	2.75
Wilson	3	131,486	2.28
Tennessee	287	6,886,441	4.17

Sources: JAR survey data; UT-CBER, reassembled by TN DOH, 2017 Revisions (05/2017).

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Northridge Surgery Center historical utilization and projections for Year 1 and Year 2 for the proposed project are shown in the following table.

	JAR Survey Data			2015-17	Year 1	Year 2
Specialty	2015	2016	2017	Change	2020	2021
Dental/Oral Surgery	295	758	875	580	645	658
Ophthalmology	385	525	858	473	1,321	1,347
Orthopedics	380	312	347	(33)	822	838
Otolaryngology	323	238	280	(43)	295	301
Pain Management	241	221	218	(23)	390	398
Podiatry	339	313	227	(112)	181	185
Endoscopy	297	92		(297)		
Plastic Surgery	16	13	4	(12)	30	31
Other Specialties	28	12	11	(17)		
Neurosurgery					24	24
Total Joint Replace.					39	49
TOTAL	2,304	2,484	2,820	516	3,747	3,831

The methodology employed to project Year 1 and Year 2 cases involved an analysis of trends by specialty and physician that tracked practice growth trends, then performed interviews with individual practices and physician groups in order to ascertain surgeon practice patterns going forward.

The data in the preceding tables show that Northridge increased its total number of surgical cases by 516 during the 2015 to 2017, a time period covering three years. From 2017 to 2020 – which is a four-year time period that includes Year 1 projections, the total gain of surgical cases at Northridge is 927. Of the 927 gain, about half of the cases are due to program growth, and the remainder is due to physician practice consolidation at the new Northridge site. Sixty-three cases are due to new outpatient specialty programs in Total Joint Replacement and Neurosurgery. The change from Year 1 to Year 2 of 84 cases is entirely due to case growth of existing specialties and surgeons.

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

RESPONSE: The applicant acknowledges that the filing fee shall be an amount equal to \$5.75 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$15,000 or more than \$95,000. Enclosed please find a filing fee check in the amount of \$95,000 made payable to the Health Services and Development Agency.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: Lease terms were set through negotiation with an affiliated third party. Lease costs are calculated below.

	Base Rent	Add Rent	Total
RSF:	16,500	16,500	
Escalation:	3.00%	0.0%	
Year			
1	\$633,600	\$214,470	\$848,070
2	652,608	12,000	664,608
3	672,186	12,000	684,186
4	692,352	12,000	704,352
5	713,122	12,000	725,122
6	734,516	12,000	746,516
7	756,552	12,000	768,552
8	779,248	12,000	791,248
9	802,626	12,000	814,626
10	826,704	12,000	838,704
11	851,505	12,000	863,505
12	877,051	12,000	889,051
13	903,362	12,000	915,362
14	930,463	12,000	942,463
15	958,377	12,000	970,377
	11,784,272	382,470	12,166,742

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

RESPONSE: Reported equipment costs are consistent with these guidelines.

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

RESPONSE: This project is a turnkey lease arrangement. The square footage chart on page 8 has been completed, and an architect cost verification letter has been provided in **Attachment Tab 8**.

- 5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

- a) A general description of the project;
- b) An estimate of the cost to construct the project;
- c) A description of the status of the site's suitability for the proposed project; and
- d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

RESPONSE: Please see the licensed architect's construction cost verification letter in **Tab 8 – Attachment Section A-12**.

PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	_____
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 125,000
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Total Construction Costs	\$ 3,450,000
6.	Contingency Fund	\$ 100,000
7.	Fixed Equipment (Not included in Construction Contract)	\$ 700,000
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$ 4,135,071
9.	Other (Specify) _____	_____
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive of building and land)	\$ 11,986,742
2.	Building only	_____
3.	Land only	_____
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____
C. Financing Costs and Fees:		
1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) _____	_____
D.	Estimated Project Cost (A+B+C)	\$ 17,046,813
E.	CON Filing Fee	\$ 95,000
F.	Total Estimated Project Cost (D+E)	
	TOTAL	\$ 17,141,813

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)**

- ☒ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☒ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

RESPONSE: The project costs, less the sum of the lease payments, will be paid from existing cash reserves at the Northridge Surgery Center, L.P. (30%) and a commercial loan (70%). Please see **Tab 13 – Attachment Section B-Economic Feasibility-B.**

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: This is provided on the following table.

HISTORICAL DATA CHART

☒ Total Facility
☐ Project Only

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in **January** (Month).

	Year <u>2015</u>	Year <u>2016</u>	Year <u>2017</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <u>RESPONSE:</u> Cases.	2,366	2,596	3,020
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services	\$14,286,420	\$14,872,457	\$17,330,423
3. Emergency Services			
4. Other Operating Revenue (<i>Provider Tax, JV Imaging, USPI</i>)	<u>1,524</u>	<u>349</u>	<u>160</u>
Gross Operating Revenue	\$14,287,944	\$14,872,806	\$17,330,583
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$11,070,286	\$11,200,261	\$13,113,514
2. Provision for Charity Care	7,261	28,938	63,516
3. Provisions for Bad Debt	<u>84,308</u>	<u>148,170</u>	<u>94,687</u>
Total Deductions	\$11,161,855	\$ 11,377,369	\$ 13,271,717
NET OPERATING REVENUE	\$ 3,126,089	\$ 3,495,437	\$ 4,058,866
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$ 781,200	\$ 888,055	\$ 1,006,407
b. Non-Patient Care	237,349	303,717	257,913
2. Physician's Salaries and Wages	0	0	0
3. Supplies	748,222	875,122	1,116,407
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates	<u>260,193</u>	<u>261,733</u>	<u>264,691</u>
5. Management Fees:			
a. Paid to Affiliates	<u>192,624</u>	<u>218,616</u>	<u>249,213</u>
b. Paid to Non-Affiliates			
6. Other Operating Expenses	590,604	580,974	629,741
Total Operating Expenses	\$2,810,192	\$3,128,217	\$3,532,284
E. Earnings Before Interest, Taxes and Depreciation	\$ 315,897	\$ 367,220	\$ 526,582
F. Non-Operating Expenses			
1. Taxes	34,446	29,446	22,789
2. Depreciation	99,538	89,962	92,427
3. Interest	4,640	3,461	3,569
4. Other Non-Operating Expenses			
Total Non-Operating Expenses	138,624	122,869	118,785
NET INCOME (LOSS)	\$ 177,273	\$ 244,351	\$ 407,797

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NET INCOME (LOSS)	\$ <u>177,273</u>	\$ <u>244,351</u>	\$ <u>407,797</u>
G. Other Deductions			
1. Annual Principal Debt Repayment	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
2. Annual Capital Expenditure	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Deductions	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
NET BALANCE	\$ <u>177,273</u>	\$ <u>244,351</u>	\$ <u>407,797</u>
DEPRECIATION	\$ <u>99,538</u>	\$ <u>89,962</u>	\$ <u>92,427</u>
FREE CASH FLOW (Net Balance + Depreciation)	\$ <u>276,811</u>	\$ <u>334,313</u>	\$ <u>500,224</u>

☒ Total Facility
☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 2015</u>	<u>Year 2016</u>	<u>Year 2017</u>
1. <u>Purchased Services</u>	\$ <u>218,303</u>	\$ <u>246,771</u>	\$ <u>266,066</u>
2. <u>Provider Tax Expense</u>	\$ <u>47,725</u>	\$ <u>47,278</u>	\$ <u>41,489</u>
3. <u>Repair & Maintenance</u>	\$ <u>148,163</u>	\$ <u>115,020</u>	\$ <u>112,825</u>
4. <u>Utilities</u>	<u>123,317</u>	<u>119,037</u>	<u>131,608</u>
5. <u>All Other</u>	<u>53,096</u>	<u>52,868</u>	<u>77,753</u>
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	\$ <u>590,604</u>	\$ <u>580,974</u>	\$ <u>629,741</u>

D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed projected data chart for the Northridge facility on the following pages.

PROJECTED DATA CHART

■ Total Facility
□ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	<u>Year 2020</u>	<u>Year 2021</u>
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) RESPONSE: Units of measure are surgical cases.	<u>3,747</u>	<u>3,831</u>
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	<u>\$26,029,861</u>	<u>\$27,704,497</u>
3. Emergency Services		
4. Other Operating Revenue (Specify) _____		
Gross Operating Revenue	<u>\$26,029,861</u>	<u>\$27,704,497</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$19,476,111</u>	<u>\$ 20,709,768</u>
2. Provision for Charity Care	<u>87,122</u>	<u>92,727</u>
3. Provisions for Bad Debt	<u>170,378</u>	<u>181,849</u>
Total Deductions	<u>\$19,733,611</u>	<u>\$20,984,344</u>
NET OPERATING REVENUE	<u>\$ 6,296,250</u>	<u>\$ 6,720,153</u>
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	<u>\$ 1,213,184</u>	<u>\$ 1,249,580</u>
b. Non-Patient Care	<u>377,651</u>	<u>388,980</u>
2. Physician's Salaries and Wages		
3. Supplies	<u>1,691,100</u>	<u>1,816,919</u>
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	<u>848,070</u>	<u>664,608</u>
5. Management Fees:		
a. Paid to Affiliates	<u>377,775</u>	<u>403,209</u>
b. Paid to Non-Affiliates		
6. Other Operating Expenses	<u>748,342</u>	<u>813,692</u>
Total Operating Expenses	<u>\$ 5,256,122</u>	<u>\$ 5,336,988</u>
E. Earnings Before Interest, Taxes and Depreciation	<u>\$ 1,040,128</u>	<u>\$ 1,383,165</u>
F. Non-Operating Expenses		
1. Taxes	<u>\$ 31,773</u>	<u>\$ 51,004</u>
2. Depreciation	<u>380,581</u>	<u>390,581</u>
3. Interest	<u>86,357</u>	<u>72,480</u>
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	<u>\$ 498,711</u>	<u>\$ 514,065</u>
NET INCOME (LOSS)	<u>\$ 541,417</u>	<u>\$ 869,100</u>

Chart Continues Onto Next Page

NET INCOME (LOSS)	<u>\$ 541,417</u>	<u>\$ 869,100</u>
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	<u>\$ (271,238)</u>	<u>\$ (285,115)</u>
2. Annual Capital Expenditure	<u>0</u>	<u>(100,000)</u>
Total Other Deductions	<u>\$ (271,238)</u>	<u>\$ (385,115)</u>
NET BALANCE	<u>\$ 270,179</u>	<u>\$ 483,985</u>
DEPRECIATION	<u>380,581</u>	<u>390,581</u>
FREE CASH FLOW (Net Balance + Depreciation)	<u>\$ 650,760</u>	<u>\$ 874,566</u>

☒ Total Facility
☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	<u>Year 2020</u>	<u>Year 2021</u>
1. <u>Purchased Services</u>	<u>\$ 189,511</u>	<u>\$ 195,196</u>
2. <u>Provider Tax Expense</u>	<u>65,775</u>	<u>107,559</u>
3. <u>Repair & Maintenance</u>	<u>60,000</u>	<u>66,000</u>
4. <u>Utilities</u>	<u>178,095</u>	<u>182,548</u>
5. <u>Billing Fees</u>	<u>131,145</u>	<u>134,089</u>
6. <u>All Other</u>	<u>123,816</u>	<u>128,300</u>
7.		
Total Other Expenses	<u>\$ 748,342</u>	<u>\$ 813,692</u>

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	5,729	5,738	6,947	7,232	26.0%
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	4,325	4,363	5,266	5,478	25.6%
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	1,403	1,375	1,680	1,754	27.6%

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: Data in the table above begin in 2016 and end in 2021, covering a period of six years. As indicated in the table above, the cost for services (surgical cases) at Northridge will increase somewhat. The average Net Charge per case increases at a rate of 6.3 percent per year from Current Year to Year Two. Inflation has been assumed in the proposal and the additional complexity of surgical cases has also been forecasted.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: These charges are comparable to other full-service ASTCs and below hospital-based surgical programs. Please see **Tab 12, Attachment Section B-Economic Feasibility-E3** for a table showing the Average Charges for Medicare between Ambulatory Surgery Centers and Hospitals by Top CPT Codes by Specialty.

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As indicated in the Projected Data Chart, Northridge is expected to be financially feasible.

Audited financial statements are not available. Please refer to the SEC filing of Tenet Healthcare the parent of USPI.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	10.1%	10.5%	13.0%	16.5%	20.6%

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Tenet, the parent of USPI is appropriately capitalized to undertake the proposed bed project. Please refer to the table below.

Tenet Capitalization Ratio Calculation

Dollars in (millions)	2016	2015
Long-term debt	\$ 15,064	\$ 14,383
Total net assets	\$ 24,701	\$ 23,682
Capitalization Ratio	37.9%	37.8%

Source: Audited Financial Statements, Consolidated Balance Sheet

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

RESPONSE: Northridge will maintain the same payor relationships, including contracts with Medicare and all TennCare MCOs, that are currently in place for Saint Thomas Health. Furthermore, Northridge will follow the same financial assistance policies that are currently in place at sister facilities. Please refer to **Tab 14 – Attachment Section B-Economic Feasibility-G** for a copy of the Northridge financial assistance policies.

The payer mix for Year 1 of the proposed project is shown in the following table.

Applicant's Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$8,763,546	33.7%
TennCare/Medicaid	\$2,783,114	10.7%
Commercial/Other Managed Care	\$12,730,027	48.9%
Self-Pay	\$261,648	1.0%
Other (Other gov't, Workers Comp)	\$1,491,526	5.7%
Total	\$26,029,861	100.0%
Charity Care	\$170,378	0.7%

Source: Internal data.

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The following table compares the staffing for Northridge before and after the proposed bed addition. Northridge provides competitive pay for its employees.

Position Classification	Existing FTEs <u>2017</u>	Projected FTEs Year 1 <u>2020</u>	Average Wage (Contractual Rate) <u>2020</u>	Area Wide Average Wage <u>2016</u>
A. Direct Patient Care Positions				
<i>RNs</i>	7.6	9.5	32.00	28.50
<i>LPNs</i>				
<i>Tech</i>	3.0	4.0	26.50	20.25
<i>Rec Therapists</i>				
<i>Manager</i>		1.0	45.67	39.20
Total Direct Patient Care Positions	10.6	14.5	31.43	
B. Non-Patient Care Positions				
<i>Management</i>	1.0	1.0	60.00	54.45
Total Non-Patient Care Positions	3.0	3.5	23.34	19.20
Total Employees (A+B)	14.6	19.0	31.44	
C. Contractual Staff				
Total Staff (A+B+C)	14.6	19.0	31.44	

Source: Nashville-Davidson-Murfreesboro, TN MSA Occupational Wages: TN Dept of Labor, June 2016.

- I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: Due to high crime at the existing location, renovation to the existing facility is not an option. Relocation is necessary to improve these conditions and to become more accessible to the existing patient base. New construction was the only option available. However, reducing the size of the current facility by two operating rooms is a less costly, more effective and more efficient alternative to relocating the entire existing facility.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: Due to high crime at the existing location, renovation to the existing facility is not an option. Relocation is necessary to improve these conditions and to become more accessible to the existing patient base. New construction was the only option available. However, reducing the size of the current facility by two operating rooms is a less costly, more effective and more efficient alternative to relocating the entire existing facility.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: Northridge will utilize the many active managed care contracts in place at Saint Thomas Health to provide for seamless care of its patients. These contracts are part of the Saint Thomas Health network and include:

Aetna – commercial	Community Health Plan	Prime Health – Workers' Comp
Aetna – Medicare Advantage	CorVel (Workers' Comp)	Prime Health – commercial
Amerigroup – TennCare	Coventry Health Care	Private Healthcare System
Amerigroup – Medicare Advantage	FOCUS (Workers' Comp)	TennCare
Alive Hospice	Humana – commercial	TN Division of Rehab Svcs
Ascension Care Management	Humana – Medicare Advantage	TriCare for Life
Avalon Hospice	Humana – POS	TRICARE Prime
Baptist Health Plan	KY Medicaid	TRICARE East
BC/BS of TN	National Rural Electric	TRICARE West
Caris Healthcare	Nexcaliber	United Behavioral Health
CenterCare Managed Care	NovaNet	United Healthcare – commercial
CIGNA - commercial	OccuComp (Workers' Comp)	United Healthcare – Medicare

CIGNA – Connect	Odyssey Healthcare	USA Managed Care
CIGNA – Local Plus	Oscar	VHAN
CIGNA – HealthSpring	Oscar/Humana	Wellcare/Windsor Health Care

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

RESPONSE: This project is a relocation of Northridge Surgery Center (“Northridge”), an existing Ambulatory Surgical Treatment Center (“ASTC”), from ZIP code 37115 in Madison, Davidson County to a location 9.5 miles driving distance in adjacent ZIP code 37075 in Hendersonville, Sumner County. The straight-line distance is even shorter. This will allow Northridge to exit a high crime area and to be closer to its existing patient base. The applicant will also reduce the number of CON approved operating rooms from five (5) to three (3), to function more efficiently and cost effectively. A single procedure room will remain, to complement the surgical procedures.

Six factors are relevant to the positive effects associated with this project.

- Facility Age. The age and general condition of the facility require renovation in the near future, necessitating a material outlay of financial resources.
- Neighborhood Crime. Police records (www.crimemapping.com) show substantial levels of crime in the area. On the same block as Northridge Surgery Center (600 block of Myatt Drive), there were 27 arrests in the last six months for theft/larceny (6), drug/alcohol (5), assault (4), burglary (4) and six other arrests for a vehicle break-in, sex crime, vandalism or weapons charge. There was one homicide on the 500 block of Myatt Drive, as well. Please see **Attachment Tab 9** for the Nashville Police Department map of crimes for the past six months.
- Patient Base. ZIP code 37115 is the fourth largest referral source for Northridge, from which it received 184 patients in 2017. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075 but not to 37115. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest ZIP code referral sources, 37075 and 37066, while still serving its other existing patient populations. Please see a map of these Top 20 ZIP codes in **Attachment Tab 10**.
- Road Access. The proposed location is relatively close to the existing site, but in an area that is less congested, and is served by two major highways – Gallatin Pike and US-31E. When compared to the existing site, the proposed site will be part of a new medical complex and will visually be more appealing and likely deemed “safer” by patients. See also the map in **Attachment Tab 7**, one showing the highway access provided by this new site and the second portraying the short driving distance between the proposed and existing sites.
- Practice Consolidation and Growth. Tennessee Orthopedic Associates (“TOA”), long aligned with United Surgical Partners, Inc. (“USPI”) and Saint Thomas Health, is

constructing an office building next to the Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.

- Population Growth. The Northridge four-county service area has projected growth rates through 2022 that exceed the State of Tennessee average, helping to further support this proposed project that actually reduces the number of Operating Rooms in the HSDA inventory.

2) Negative Effects

RESPONSE: The proposed project will not have a negative effect on existing providers. The practice growth of TOA surgeons and the consolidation of TOA surgeries from other USPI/Saint Thomas surgical centers will support the projected growth. The other USPI/Saint Thomas centers that will be minimally affected are in Gallatin and Nashville (Baptist). The number of operating rooms ("ORs") will decrease from five to three ORs. The slight decompression at these related facilities in Davidson and Sumner Counties will enable backfill growth from other surgeons in those markets.

The strong population growth rates in the four-county service area will assure future demand for surgical services, which will benefit all surgery providers.

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: A number of channels are utilized to increase and maintain staffing, including in-house listings of available positions, advertisements in local and regional newspapers, advertisements in professional publications, and recruiting firms. Saint Thomas Health, United Surgical Partners International and Northridge Surgery Center all have a history of successfully recruiting professional and administrative staff. They provide competitive compensation and benefits and are committed to the retention of existing personnel.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: Northridge has reviewed and understands the licensure and certification requirements for medical and clinical staff. As an existing licensed and accredited facility, Northridge has administrative policies and procedures in place to ensure that licensure and certification requirements are followed. Furthermore, Northridge maintains quality standards that are focused on continual improvement.

Please see **Tab 15 – Attachment Section B-Contribution to the Orderly Development of Healthcare-C2** for copies of its Medical Staff Bylaws.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Although Saint Thomas Health is actively involved in these activities, the Northridge project is not expected to play a major role.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: TDOH Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TDOH Medicare, TennCare

Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Commission

RESPONSE: Northridge is already an existing ASTC and is affiliated with a network of ASTCs. It understands the licensure and certification requirements for medical and clinical staff.

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: See **Tab 16 – Attachment Section B-D1** for a copy of the current license and accreditation documentation for Northridge Surgery Center.

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: Not applicable.

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable.

- E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:

- a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

- b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

RESPONSE: Acknowledged. Entities and persons with more than 5% ownership in the Northridge Surgery Center, L.P. entity are: Saint Thomas / USP Surgery Centers II, LLC, 71.34%; and Piedmont Partners, L.L.C., 8.00%. The remaining 20.66% of ownership interest is distributed among various physicians and physician groups with no entity having 5.0% or more ownership share.

2) Been subjected to any of the following:

- a) Final Order or Judgment in a state licensure action;
- b) Criminal fines in cases involving a Federal or State health care offense;
- c) Civil monetary penalties in cases involving a Federal or State health care offense;
- d) Administrative monetary penalties in cases involving a Federal or State health care offense;
- e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- h) Is presently subject to a corporate integrity agreement.

RESPONSE: USP Holding Company, Inc. is a majority owned subsidiary of Tenet (95%). USPI Holding Company, Inc., through various entities, indirectly owns 100% of USP Tennessee, Inc. On September 30, 2016, a subsidiary of Tenet, Tenet HealthSystem Medical, Inc., entered into a Non-Prosecution Agreement with the Department of Justice and the United States Attorney's Office for the Northern District of Georgia. Please reference the link below for more details.

<https://www.sec.gov/Archives/edgar/data/70318/000119312516728855/d192978d8k.htm>

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	
CN1701-003	Premier Radiology	4/26/2017			6/1/19
CN1706-020	Saint Thomas Highlands Hospital	10/25/17			12/1/2020
CN1707-021	Saint Thomas Rutherford Hospital	10/25/17			12/1/2020
CN1707-022	Saint Thomas Surgery Center – New Salem	10/25/17			12/1/2019

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: Individual project responses follow:

- CN1701-003, Premier Radiology – Construction for the MRI & CT rooms is complete. The initial building survey was conducted March 16, 2018. Health and Life Safety surveys are pending.
- CN1706-070, Saint Thomas Highlands Hospital – Architectural plans have been reviewed and approved by the State Department of Health. Construction contracts have been bid and work on the project is expected to start on April 23, 2018.
- CN1707-021, Saint Thomas Rutherford Hospital – Architectural plans are being reviewed in conjunction with the construction company. Project remains on time and on budget. Construction is expected to begin October 2018.

- CN1707-022, Saint Thomas Surgery Center, New Salem – Final land acquisition was completed March 19, 2018, clearing the way for further development.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes, Saint Thomas Health is a joint venture owner in Middle Tennessee Imaging
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Yes, various dates.
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Yes, various dates.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: Yes, Northridge will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Surgical services proposed by Northridge Surgery Center will help in the treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, “getting access to sites of care where patients can receive needed services.” The proposed ASTC is designed to, among other goals, increase patient accessibility by expanding ASTC services in the fastest growing county in Tennessee.

- C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: Recognizing the benefits of outpatient surgery centers such as Northridge, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas Health formed one of the nation’s first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient’s care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as Northridge will play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. As documented in the Medicare pricing differential rates, freestanding ASCs were reimbursed at about half the rate as hospital-based facilities. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

- D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: Northridge maintains very active utilization review and quality improvement programs. Northridge is licensed and fully accredited.

- E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: While “the state” appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, Northridge Surgery Center is an existing healthcare provider with a history of successful staff recruitment and retention.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: Please see Tabs 16 and 17 – Proof of Publication.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

RESPONSE: Please see the project forecast completion chart, below.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		10/2018
2. Architectural and engineering contract signed	30	11/2018
3. Construction documents approved by the Tennessee Department of Health	30	12/2018
4. Construction contract signed	30	01/2019
5. Building permit secured	30	02/2019
6. Site preparation completed	30	03/2019
7. Building construction commenced	1	03/2019
8. Construction 40% complete	90	06/2019
9. Construction 80% complete	90	09/2019
10. Construction 100% complete (approved for occupancy	45	11/2019
11. *Issuance of License	30	12/2019
12. *Issuance of Service	30	01/2020
13. Final Architectural Certification of Payment	30	02/2020
14. Final Project Report Form submitted (Form HR0055)	30	03/2020

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

NOTARY PUBLIC
STATE OF TENNESSEE
COMMISSION EXPIRES 09/10/2018

STATE OF Tennessee

COUNTY OF Davidson

M. Corey Ridgway, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

MCR Market President
SIGNATURE/TITLE

Sworn to and subscribed before me this 1 day of June, 2018 a Notary
(Month) (Year)

Public in and for the County/State of Davidson / Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires September 10, 2018.
(Month/Day) (Year)

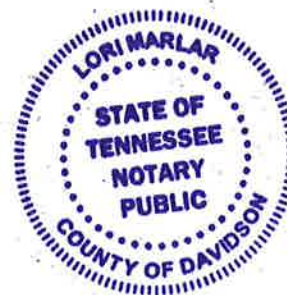


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Section A

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Tab 1

TAB 1, Attachment Section A-4B-1

Operating Agreement

Certificate of Existence/Authorization

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS AND LAWS. THESE SECURITIES HAVE BEEN ACQUIRED WITHOUT A VIEW TO DISTRIBUTION, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED, WHETHER OR NOT FOR CONSIDERATION, IN THE ABSENCE OF REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR A WRITTEN OPINION OF COUNSEL FOR THE PARTNERSHIP THAT REGISTRATION IS NOT REQUIRED.

NEW RIVERGATE SURGERY CENTER, L.P.

AGREEMENT OF LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP, made and entered into as of this 27th day of December, 2001, by and among Surginet of Rivergate, Inc., a Tennessee corporation (the "General Partner"), Joseph Hutts, an individual resident of the State of Tennessee (the "Original Limited Partner") and those other persons admitted to the partnership from time to time, as Limited Partners,

WITNESSETH:

WHEREAS, the General Partner and the Original Limited Partner desire to form a limited partnership under and pursuant to the laws of the State of Tennessee by the name of "New Rivergate Surgery Center, L.P." (the "Partnership"); and

WHEREAS, the General Partner and the Original Limited Partner desire to state certain terms and conditions of the Agreement of Limited Partnership of the Partnership in the manner set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, do hereby swear to, agree and certify as follows:

ARTICLE I
General

1.1 Formation of Partnership.

The parties hereto hereby agree to form a limited partnership under and pursuant to the Tennessee Revised Uniform Limited Partnership Act, subject to the terms and conditions contained in this Agreement.

1.2 Name.

The name of the Partnership shall be "New Rivergate Surgery Center, L.P." The business of the Partnership may be conducted under any name or names chosen by the General Partner from time to time and reflected in an amendment to the Certificate of Limited Partnership duly recorded in the Office of the Secretary of State of Tennessee.

1.3 Term.

The term of the Partnership commenced on December 27, 2001 and shall continue until December 31, 2041, unless earlier terminated in accordance with the provisions hereof or as provided by law.

1.4 Registered Office and Registered Agent.

The registered office of the Partnership shall be located at 414 Union Street, Suite 1600, Nashville, Davidson County, Tennessee and the Partnership's registered agent for service of process at such location shall be John W. Titus. The location of the Partnership's registered office and identity of the registered agent may be changed from time to time by the General Partner, without the necessity of obtaining consent from any Limited Partners, upon filing a statement of change with the Office of the Secretary of State of Tennessee in the manner provided in the Act.

1.5 Filings.

The General Partner shall sign and file such certificates, affidavits and other documents, and amendments thereto, as may be necessary to enable the Partnership to continue to conduct its business. The Limited Partners, acting either directly or through the General Partner as attorney-in-fact, agree to execute any and all documents or certificates necessary to accomplish such filing and recording and such other amendments or acts in order to comply with the requirements of law for the formation and operation of a limited partnership or for the protection of the assets of the Partnership in all jurisdictions in which the Partnership conducts business.

1.6 Purpose.

The purpose of the Partnership shall be to own and operate an ambulatory surgery center which the Physician Investors may utilize as an extension of their practice of medicine located at 647 Myatt Drive, Nashville, Tennessee (the "Surgery Center"), and conduct such other activities as may be necessary or appropriate to promote the business of the Partnership, it being agreed that each of the foregoing is an ordinary part of the Partnership's business.

1.7 Powers.

The Partnership shall have all powers reasonably necessary to achieve its purposes hereunder. Without limiting the foregoing, the Partnership is expressly authorized to do the following:

1.7.1 Acquire, by purchase, lease or otherwise, take and hold property, real, personal and mixed, or any interest therein, in the Partnership's name;

1.7.2 Enter into any agreement with any person, firm or corporation requiring such person to perform services for the Partnership or to assist the General Partner in the management of the Partnership or its business

1.7.3 Borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Partnership, and secure the same by grant of security interests in assets of the Partnership;

1.7.4 Sell, pledge, transfer and negotiate all or any part of its real or personal property or rights;

1.7.5 Open and maintain one or more Partnership bank accounts in which monies received by the Partnership shall be deposited;

1.7.6 Lease, sell, exchange, refinance or grant an option for the sale of all or any portion of the real or personal property of the Partnership at such rental, price or amount, for cash, securities or other property, and upon such terms as the General Partner may deem appropriate;

1.7.7 Execute contracts for the construction, repair, and maintenance of improvements upon property owned or leased by the Partnership;

1.7.8 Execute and deliver deeds, deeds of trust, notes, leases, subleases, mortgages, bills of sale, financing statements, security agreements, easements and any and all other instruments appropriate to the conduct of the Partnership's business and the financing thereof;

1.7.9 Lend its funds or make guarantees of others upon such terms as the General Partner shall determine;

1.7.10 Accept a discounted cash payment as full or partial prepayment of any obligation owed to the Partnership;

1.7.11 Retain counsel, accountants, financial advisers and other professional personnel; and

1.7.12 Engage in such other activities and incur such other expenses as may be necessary or appropriate for the furtherance of the Partnership's purposes, and execute, acknowledge and deliver any and all instruments necessary to the foregoing.

1.8 Principal Place of Business.

The principal place of business of the Partnership is located at 647 Myatt Drive, Nashville, Tennessee 37115.

1.9 Liability of Partners.

No Limited Partner, by virtue of being a limited partner hereunder, shall be personally liable for any debts, liabilities or obligations of the Partnership beyond the extent of such Limited Partner's capital contribution, together with the undistributed share of net profits of the Partnership from time to time credited to such Limited Partner's capital account.

The General Partner shall not be personally liable to any Limited Partner for repayment of capital contributions of the Limited Partner or, except as expressly provided in this Agreement, have any obligation to make any advance or contribution of capital to the Partnership. The General Partner, however, is liable for all recourse obligations of the Partnership, unlike Limited Partners, who have no such personal liability, either to third parties, to the Partnership or to other Partners, except as stated above or otherwise required by the Act.

1.10 Definitions.

As used herein, the following terms have the indicated meanings:

1.10.1 "Act" means the Tennessee Revised Uniform Limited Partnership Act, as amended from time to time.

1.10.2 "Adjusted Capital Account Deficit" means with respect to any Partner the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to the Capital Account any amounts which the Partner is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(5), and 1.704-1(b)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

1.10.3 "Adjusted Capital Contribution" shall mean the Capital Contribution of a Partner reduced, but not below zero, by cash distributions to such Partner. A substitute Partner shall succeed to the Adjusted Capital Contribution of his predecessor.

1.10.4 "Affiliate" with respect to any individual or Entity means any individual or other Entity directly or indirectly controlling, controlled by, or under control with such individual or Entity.

1.10.5 "Agreement" means this Limited Partnership Agreement, as amended and/or restated from time to time. Words such as "herein," "hereinafter," "hereof," "hereto," and "hereunder" refer to this Agreement as a whole, unless the context otherwise requires.

1.10.6 "Bankruptcy" means, with respect to any Person, a "Voluntary Bankruptcy" or an "Involuntary Bankruptcy." A "Voluntary Bankruptcy" means, with respect to any Person, the inability of such Person generally to pay its debts as such debts become due, or an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors; the filing of any petition or answer by such Person seeking to adjudicate it a bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of such Person or its debts under any law relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian, or other similar official for such Person or for any substantial part of its property; or corporate action taken by such Person to authorize any of the actions set forth above. An "Involuntary Bankruptcy" means, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or other similar relief under any present or future bankruptcy, insolvency, or similar statute, law, or regulation, or the filing of any such petition against such Person which petition shall not be dismissed within ninety (90) days, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person which order shall not be dismissed within sixty (60) days.

1.10.7 "Capital Account" shall have that meaning assigned pursuant to Section 2.4 hereof.

1.10.8 "Capital Contribution" means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any property (other than money) or services contributed to the Partnership with respect to the Partnership Interest held by such Partner pursuant to the terms of this Agreement. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Partnership by the maker of the note or a Person related to the maker of the note within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(c) shall not be included in the Capital Contribution of any Partner until the Partnership makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.10.9 "Cash Available for Distribution" means all cash funds of the Partnership on hand or in bank accounts beneficially owned by the Partnership, revenues and funds received by the Partnership, less the sum of the following to the extent paid or set aside by the Partnership;

(i) All regularly scheduled principal and interest payments on indebtedness of the Partnership and all other sums paid to lenders;

(ii) All cash expenditures incurred incidental to the operation of the Partnership's business pursuant to the operating and capital budgets; and

(iii) Financial reserves in an amount reasonably deemed to be in the best interest of the Partnership by the General Partner.

1.10.10 "Code" means the Internal Revenue Code of 1986, as amended.

1.10.11 "Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis. Notwithstanding the foregoing, if an asset has a zero basis for federal income tax purposes, depreciation shall be an amount in each month equal to such asset's Gross Asset Value divided by the number of months in such asset's cost recovery period as determined for federal income tax purposes.

1.10.12 "Entity" means any corporation, partnership, trust, foundation, limited liability company or other entity.

1.10.13 "Fiscal Year" means (i) the period commencing on the effective date of this Agreement and ending on December 31, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clause (ii) for which the Partnership is required to allocate Profits, Losses and other items of Partnership income, gain, loss or deduction pursuant to Article V hereof.

1.10.14 "General Partner" means Surginet of Rivergate, Inc., a Tennessee corporation, together with any additional or substitute General Partners admitted pursuant to the provisions of this Agreement.

1.10.15 "Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the Partnership;

(b) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner, as of the following times:

(1) Upon the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution,

(2) Upon the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership property as consideration for an interest in the Partnership,

(3) Upon the liquidation of the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g);

provided, however, that the adjustments under subparagraphs (1) and (2) above shall be made only if the General Partner reasonably determines that such an adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(c) The Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution as determined by the General Partner;

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and in accordance with this Agreement; provided, however, that Gross Asset Values shall not be adjusted pursuant to this Subsection (d) to the extent that the General Partner determines that an adjustment pursuant to Subsection (b) above is necessary or appropriate in connection with the transaction that would otherwise result in an adjustment pursuant to this Subsection (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Subsections (a), (b) or (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

1.10.16 "Limited Partners" means the Original Limited Partner, the Physician Investors admitted to the Partnership as limited partners from time to time pursuant to the amendments of this Agreement and any substitute Limited Partners admitted to the Partnership pursuant to the provisions of this Agreement.

1.10.17 "Management Agreement" means the Surgery Center Management Agreement to be entered into between the Partnership and the Management Company.

1.10.18 "Management Company" means Surginet Management Services, Inc., a Tennessee corporation.

1.10.19 "Nonrecourse Deductions" has the meaning set forth in Section 1.704-2(b)(1) of the Treasury Regulations.

1.10.20 "Nonrecourse Liability" has the meaning set forth in Section 1.704-2(b)(3) of the Treasury Regulations.

1.10.21 "Operations Advisory Committee" has the meaning set forth in Section 4.5 hereof.

1.10.22 "Original Limited Partner" means Joseph C. Hutts.

1.10.23 "Partner Nonrecourse Debt" has the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations.

1.10.24 "Partner Nonrecourse Debt Minimum Gain" means an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse

Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Treasury Regulations.

1.10.25 "Partner Nonrecourse Deductions" has the meaning set forth in Sections 1.704-2(i)(1) and 1.704-2(i)(2) of the Treasury Regulations.

1.10.26 "Partners" means collectively the General Partner and the Limited Partners. Reference to a "Partner" shall mean any one of the Partners.

1.10.27 "Partnership" means the Limited Partnership continued by this Agreement.

1.10.28 "Partnership Capital" means the total of the capital contributions of the Partners, as hereinafter set forth, as adjusted to reflect income, gains, losses, withdrawals and distributions. Capital contributions of property shall be valued at fair market value as of the date of contribution.

1.10.29 "Partnership Minimum Gain" has the meaning set forth in Sections 1.704-2(b)(2) and 1.704-2(d) of the Treasury Regulations.

1.10.30 "Person" means any individual, partnership, corporation, trust or other entity.

1.10.31 "Physician Investors" means (i) licensed physicians who satisfy all of the following requirements:

- (a) they practice medicine in the State of Tennessee;
- (b) they are on the medical staff of a JCAHO or American Osteopathic Association accredited hospital;
- (c) they are in a position to perform procedures at the Surgery Center as an extension of their private practices;
- (d) a substantial portion of their medical practice income from all source for the previous fiscal year or previous 12-month period must be derived from their performance of Qualified Procedures; and
- (e) on an ongoing basis after they become Limited Partners in the Partnership, a substantial portion of their Qualified Procedures performed for the previous fiscal year or previous 12-month period (or such lesser period as they have been a Limited Partner of the Partnership) must be performed at the Surgery Center;

and (ii) "group practices" and "surgical group practices" which are permitted to own an equity interest in an ambulatory surgery center pursuant to "safe harbor" regulations issued by the Office of Inspector General of the Department of Health and Human Services under the Anti-Kickback Statute, 42 U.S.C. Section 1320a-7b(b) and whose ownership interest in the Partnership would not violate any applicable law, rule or regulation

and (iii) an Entity all of whose equity owners are "Physician Investors" pursuant to subsections (i) or (ii) above.

1.10.32 "Profits" and "Losses" means, for each Fiscal Year or other period, an amount equal to the Partnership's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

- (a) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this Section shall be added to such taxable income or loss;

(b) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits and Losses pursuant to this Section shall be subtracted from taxable income or loss;

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsections (a) or (b) of the definition thereof, the amount of such adjustment shall be taken into account as a gain or loss from the disposition of such asset for purposes of computing Profits and Losses.

(d) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with Section 1.10.11 hereof;

(f) To the extent an adjustment to the tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner's interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decrease the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits and Losses.

(g) Notwithstanding any other provision of this Section 1.10.32, any items which are specially allocated pursuant to Sections 3.3 or Section 3.4 hereof shall not be taken into account in computing Profits or Losses.

The amounts of items of Partnership income, gain, loss, or deduction available to be specially allocated pursuant to Sections 3.3 and 3.4 hereof shall be determined by applying rules analogous to those set forth in paragraphs (a) through (f) above.

1.10.33 "Qualified Procedures" means any procedures on the list of Medicare-covered procedures for ambulatory surgical centers in accordance with regulations issued by the Department of Health and Human Services.

1.10.34 "Surgery Center" means the ambulatory surgery center that the Partnership intends to acquire, own and operate at 647 Myatt Drive, Nashville, Tennessee.

1.10.35 "Treasury Regulations" means the Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.10.36 "Unit" means an interest acquired as a Partner in the Partnership. The number of Units owned by each Partner is set forth on Schedule A hereto, as amended from time to time.

The definitions in Section 1.10 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes," and "including" shall be deemed to be followed by the phrase

"without limitation." All references to Articles and Sections shall be deemed references to Articles and Sections of this Agreement, unless the context shall otherwise require. All references herein to Exhibits shall be deemed to be references to the Exhibit(s) attached to this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement as a whole and not to any particular Article or Section or other portion hereof and include any agreement supplemental hereto. The conjunction "or" shall be understood in its inclusive sense (and/or).

ARTICLE II Capital

2.1 Capital Contributions.

The capital contributed or agreed to be contributed by each Partner is set forth in Schedule A attached to this Agreement.

2.2 Additional Contributions.

No Partner shall be required to make any additional Capital Contributions to the Partnership. A Partner may make additional contributions as may be approved from time to time by the General Partner.

2.3 No Interest or Right to Withdraw.

No Partner shall have the right to demand the return of, or otherwise withdraw, his contribution or to receive any specific property of the Partnership except as specifically provided in this Agreement. No Partner shall have the right to demand and receive property other than cash in return for his contributions. No interest shall be paid on Capital Contributions or on balances in the Capital Accounts.

2.4 Capital Accounts.

The Partnership will maintain for each Partner an account to be designated his "capital account" defined as follows:

(a) To each Partner's Capital Account there shall be credited the amount of cash and the Gross Asset Value of any property contributed to the Partnership by such Partner, such Partner's distributive share of Profits, and any items in the nature of income or gain that are specially allocated pursuant to Section 3.3 or Section 3.4 hereof, and the amount of any Partnership liabilities that are assumed by such Partner or that are secured by any Partnership property distributed to such Partner.

(b) To each Partner's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner's distributive share of Losses, and any items in the nature of loss or deduction specifically allocated pursuant to Section 3.3 or Section 3.4 and the amount of any liabilities of such Partner that are assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership.

(c) In the event all or a portion of an interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for the purposes of this Section 2.4, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations.

In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Partner upon the dissolution of the Partnership.

2.5 Effect of Transfer of Partnership Interest.

After the date of this Agreement, upon the transfer by any Partner of any or all of his interest in the Partnership, or any fraction thereof, pursuant to the provisions of this Agreement, the proportionate amount of his respective capital account balance, determined in accordance with Section 2.4 hereof, shall be transferred to the transferee of such partnership interest; provided, however, that no transfer of any partnership interest shall, in and of itself, relieve the transferor of any obligation to the Partnership.

2.6 Redemption of Interests of Withdrawing Original Limited Partner.

Upon the admission of Physician Investors as Limited Partners, the Original Limited Partner shall automatically withdraw as a Limited Partner in the Partnership. Upon such withdrawal, the Partnership will pay to the Original Limited Partner the positive amount, if any, in his Capital Account, and the Original Limited Partner shall be automatically released from any obligation to fund any then outstanding obligation to contribute any capital to the Partnership.

ARTICLE III Allocation of Income and Loss; Cash Distributions

3.1 Distribution of Cash Available for Distribution.

Cash Available for Distribution, whether arising from operations in the normal course of the Partnership's business or from sale or refinancing of Partnership assets, or otherwise, shall be apportioned among and distributed to the Partners in accordance with the number of Units held by each Partner divided by the total number of Units issued and outstanding at the time of such distribution.

3.2 Allocation of Profits and Losses.

After giving effect to the Special Allocations set forth in Sections 3.3 and 3.4, Profits and Losses of the Partnership for any Fiscal Year shall be apportioned among and allocated to the Partners in proportion to the number of Units held by each Partner as of the first day of the Fiscal Year, divided by the total number of Units issued and outstanding as of the first day of the Fiscal Year; provided, however, that if the number of Units held by any Partner or the number of Units issued and outstanding changes during any Fiscal Year, Profits and Losses for each month shall be allocated among the Partners in proportion to the number of Units held by each Partner as of the first day of such month divided by the total number of Units issued and outstanding as of the first day of such month, and each Partner's share of Profits and Losses for such Fiscal Year shall be equal to the sum of his share of Profits and Losses for each month during the Fiscal Year.

3.3 Special Allocations.

3.3.1 Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(f) of the Treasury Regulations, notwithstanding any other provision of this Article III, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year, each Partner shall be specially allocated items of Partnership income and

gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Treasury Regulations. This Section 3.3.1 is intended to comply with the minimum gain chargeback requirement in such Section of the Treasury Regulations and shall be interpreted consistently therewith.

3.3.2 Partner Minimum Gain Chargeback. Except as otherwise provided in Section 1.704-2(i)(4) of the Treasury Regulations, notwithstanding any other provision of this Article III, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt during any Fiscal Year, each Partner who has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Treasury Regulations. This Section 3.3.2 is intended to comply with the minimum gain chargeback requirement in such Section of the Treasury Regulations and shall be interpreted consistently therewith.

3.3.3 Qualified Income Offset. Notwithstanding the above, any Partner who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6), shall be allocated items of income or gain (including gross income if necessary) in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible. The provisions of this Section 3.3.3 are intended to comply with the provisions of Treasury Regulations Section 1.704-1(b), including any amendments or successive regulations thereto and shall be so interpreted.

3.3.4 Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Partner is obligated to restore, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.3.4 shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article III have been tentatively made as if this Section 3.3.4 and Section 3.3.3 hereof were not in the agreement.

3.3.5 Nonrecourse Deductions. While the Partnership does not currently anticipate having any nonrecourse indebtedness, any Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated among the Partners in proportion to the number of Units held by each Partner divided by the total number of Units issued and outstanding.

3.3.6 Partner Nonrecourse Deductions. While the Partnership does not currently anticipate that the Partners will have any nonrecourse indebtedness, any Partner Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

3.3.7 Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts, as a result of a distribution to a Partner in complete liquidation of his

interests in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specifically allocated to the Partners in accordance with their interests in the Partnership in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Partners to whom such distribution was made in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

3.3.8 Intentionally Omitted

3.3.9 Allocations Relating to Taxable Issuance of Partnership Interests. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an interest in the Partnership to a Partner (the "Issuance Items") shall be allocated among the Partners so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Partner, shall be equal to the net amount that would have been allocated to each such Partner if the Issuance Items had not been realized.

3.3.10 Allocations on Dissolution and Liquidation. Upon the sale of the assets of the Partnership, any Profits and Losses shall be allocated among the Limited Partners and the General Partner so that the Capital Accounts of the Partners are equal on a per Unit basis.

3.4 Curative Allocations.

The allocations set forth in Sections 3.3.1, 3.3.2, 3.3.3, 3.3.4, 3.3.5, 3.3.6, and 3.3.7 hereof (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Partners that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Partnership income, gain, loss or deduction pursuant to this Section 3.4. Therefore, notwithstanding any other provision of this Section 3.4 (other than the Regulatory Allocations), the General Partner shall make such offsetting special allocations of Partnership income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Partner's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Partner would have had if the Regulatory Allocations were not part of the Agreement and all Partnership items were allocated pursuant to Sections 3.2, 3.3.8, 3.3.9, 3.3.10 and 3.5. In exercising its discretion under this Section 3.4, the General Partner shall take into account future Regulatory Allocations under Sections 3.3.1 and 3.3.2 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Section 3.3.5 and 3.3.6.

3.5 Other Allocations Rules.

3.5.1 The Partners are aware of the income tax consequences of the allocations made by this Article III and hereby agree to be bound by the provisions of this Article III in reporting their shares of Partnership income and loss for income tax purposes.

3.5.2 For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the Treasury Regulations thereunder.

3.5.3 Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treasury Regulations Section 1.752-3(a)(3), the Partners' interests in Partnership profits are in proportion to the number Units held by each Partner divided by the total number of issued and outstanding Units.

3.5.4 To the extent permitted by Section 1.704-2(h)(3) of the Treasury Regulations, the Partners shall endeavor not to treat distributions of cash as having been made from the proceeds of a Nonrecourse Liability or a Partner Nonrecourse Debt.

3.6 Tax Allocations: Code Section 704(c).

In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value.

In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to paragraph (b) of the definition thereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 3.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

3.7 Modification.

The General Partner may modify the provisions of this Article III or any other provisions of this Agreement without the consent of the Limited Partners if, after consultation with counsel to the Partnership and upon advice of such counsel, the General Partner determines that such modification is necessary to (a) cause the allocations contained in this Article III to have substantial economic effect or otherwise be respected for Federal Income Tax purposes under Section 704 of the Code; (b) cause the allocation of Profits and Losses under Section 3.2 to conform, in accordance with the requirements of Section 704 of the Code, to the distributions provided in Section 3.1; or (c) cause the provisions of the Agreement to comply with any applicable legislation, regulation or rule enacted or promulgated after the date of this Agreement, which change is necessary to enable the Partnership to carry out its purposes in the manner contemplated by this Agreement. Any such amendment shall be so as to cause the least significant deviation from the provisions of this Agreement as originally set forth.

3.8 Intentionally Omitted.

3.9 Allocation of Profit, Loss and Distributions in Respect of Interests Transferred.

If a Partner's interest in the Partnership is transferred during any Fiscal Year of the Partnership pursuant to the provisions of this Partnership Agreement, the Profit or Losses attributable to such interest for such Fiscal Year shall be divided and allocated between the transferor and the transferee based on the time each such party was, according to the books and records of the Partnership, the owner of record of the interest transferred during the year in which the transfer occurs. Distributions of Partnership assets in respect of the interest shall be made only to persons who, according to the books and records of the Partnership, are the owners of such interest on a date selected by the General Partner, in its sole discretion. The General Partner and the Partnership shall incur no liability for making distributions in accordance with the provisions of the preceding sentence.

3.10 Time of Cash Distributions.

Cash Available for Distributions, if any, shall be calculated at the end of each fiscal quarter and shall be distributed at such times and in such amounts as shall be deemed appropriate by the General Partner.

ARTICLE IV
Rights, Duties and Obligations of the General Partner

4.1 Powers of the General Partner.

In addition to the powers granted to any General Partner under the Act and other provisions of this Agreement, the General Partner shall have the exclusive right and power to manage the business and the affairs of the Partnership with all powers necessary, advisable, or convenient to manage, control, administer and operate the business and affairs of the Partnership for purposes herein stated, to make all decisions affecting such business and affairs, and to do all things which are necessary or desirable in the conduct of the business and affairs of the Partnership. The rights and powers of the General Partner shall include, without limitation, for Partnership purposes, the powers to:

4.1.1 Represent the Partnership in all administrative and judicial proceedings involving federal income tax matters as the "Tax Matters Partner." In connection therewith, the powers of the General Partner shall include, but are not limited to, the power to:

- (a) appoint an attorney-in-fact to represent the Partnership in such proceeding;
- (b) engage in any activities enumerated in subchapter C of chapter 63 of the Internal Revenue Code;
- (c) employ attorneys, accountants, appraisers, consultants, and such other persons as deemed appropriate, subject to Section 4.1.2 hereof;
- (d) make any and all elections for federal, state, and local tax purposes, including, without limitation, any election if permitted by applicable law: (i) to adjust the basis of Partnership assets pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law; and (ii) to extend the statute of limitations for assessment of tax deficiencies against Partners with respect to adjustments to the Partnership's federal, state or local tax returns; and
- (e) represent the Partnership and Partners before taxing authorities or courts of competent jurisdiction in tax matters affecting the Partnership and Partners in their capacity as Partners, and to execute any agreements or other documents relating to or affecting such tax matters including agreements or other documents that bind the Partners with respect to such tax matters or otherwise affect the rights of the Partnership or Partners.

The Tax Matters Partner shall provide all Partners affected by an Internal Revenue Service Partnership level proceeding with such notice of the proceeding as is required by the Code. The preceding sentence shall be deemed to be satisfied by mailing such notice to each such Partner's last known address.

The Tax Matters Partner is entitled to reimbursement for all expenses relating to its representation of the Partnership, which may include, but are not limited to, expenses of persons employed by the Partnership in connection with an examination, audit, administrative or judicial proceeding relating to federal income tax matters;

4.1.2 employ, retain or otherwise secure or enter into contracts with consultants, agents or firms to assist in the business of the Partnership all on such terms and for such consideration as the General Partner deems to be in the best interest of the Partnership;

4.1.3 pay all operating costs and expenses associated with the ownership of Partnership assets including without limitation, insurance, ad valorem taxes, maintenance costs, accounting and legal fees, and principal and interest due on any indebtedness encumbering the Partnership assets;

4.1.4 borrow money and, if security is required therefor, to mortgage or subject to any other security device, any portion of the Partnership assets, to obtain replacements of any mortgage, security deed or other security device, and to prepay, in whole or in part, refinance, increase, modify, consolidate, or extend any mortgage, security deed or other device, all of the foregoing at such terms and in such amount as it deems to be in the best interest of the Partnership;

4.1.5 enter into joint venture agreements, trust agreements or other fiduciary agreements or arrangements for the purpose of holding legal or equitable title to the Partnership assets and to lease all or any portion of any real property owned by the Partnership without limit as to the term thereof, whether or not such term (including renewal terms) will extend beyond the date of termination of the Partnership, and whether any property so leased is to be occupied by the lessee or, in turn, subleased in whole or in part to others;

4.1.6 Acquire and enter into any contract of insurance which the General Partner deems necessary and proper for the protection of the Partnership, for the conservation of the Partnership assets, or for any purpose beneficial to the Partnership;

4.1.7 Invest in short-term government obligations, certificates of deposit, tax-exempt obligations, interest-bearing deposits, money market accounts, or other cash equivalents, such funds of the Partnership as are temporarily not required in the General Partner's opinion for use in conducting the business of the Partnership;

4.1.8 execute any guaranty or accommodation endorsement if it is reasonably incident to the conduct of the business of the Partnership;

4.1.9 Open and maintain bank accounts for the deposit of Partnership funds, with withdrawals to be made upon such signature or signatures as the General Partner may designate;

4.1.10 Execute, acknowledge and deliver any and all instruments, documents, certifications, or agreements necessary or convenient in connection with the conduct and operation of the business and purpose of the Partnership and/or in furtherance of any of the foregoing, including without limitation, executing amendments to the Agreement in accordance with the terms of this Agreement, both as General Partner, and if required, as attorney-in-fact for the Limited Partners pursuant to any power of attorney granted by the Limited Partners to the General Partner including the power of attorney included in Section 9.2 hereof;

4.1.11 By way of extension of the foregoing and not by way of limitation thereof, the General Partner shall possess all of the powers and rights of partners in a partnership without limited partners under the Act.

4.2 Dealing with Partnership by the General Partner.

Except for the Management Agreement, the Partnership shall not enter into any business transaction with the General Partner or any of its Affiliates, without approval of Physician Investors holding a majority of the Physician Investors Units owned by all of the Physician Investors. Nothing contained in this Agreement shall be deemed to restrict the right of the General Partner to be reimbursed for sums expended by the General Partner in the conduct of the business of the Partnership if such expenditures are not otherwise restricted under the terms of this Agreement, nor shall this Section 4.2 restrict the right of the General Partner or any other Person to receive the income or Cash Available for Distribution to which they would otherwise be entitled as a General Partner.

Notwithstanding the foregoing, the General Partner, without requiring the consent of the Limited Partners, may cause the Partnership to borrow funds from the General Partner or its Affiliates from time to time to fund working capital needs of the Partnership on terms to the Partnership that are no less favorable to the Partnership than terms that would be available at the time to the Partnership from independent third party lenders, provided, that this Agreement shall not be deemed to obligate the General Partner or any of its Affiliates to make any such loans.

4.3 Authority of the General Partner.

No person dealing with the General Partner shall be required to determine the General Partner's authority to make any commitment or undertaking on behalf of the Partnership nor to determine any fact or circumstance bearing upon the existence of its authority. No purchaser of any property or interest owned by the Partnership shall be required to determine the right to sell and the authority of the General Partner or its designees to sign and deliver on behalf of the Partnership any such instrument of transfer, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith.

4.4 Duties of the General Partner.

The General Partner shall have the obligation to devote such of its time as necessary for the operation and management of the Partnership business. The General Partner's obligations shall include the following, some of which the General Partner and the Partnership shall contract with other Persons to perform:

- 4.4.1 Manage the Partnership affairs;
- 4.4.2 Have fiduciary responsibility for the safekeeping and use of all funds of the Partnership;
- 4.4.3 Render complete annual reports to any required governmental agency;
- 4.4.4 Furnish Limited Partners with the reports and information specified in Section 7.3 hereof;
- 4.4.5 Maintain complete records of Partnership assets, including information and reports of architects, appraisers, engineers, attorneys, accountants or other professionals;
- 4.4.6 Maintain complete books of account regarding Partnership operations and business affairs;
- 4.4.7 Keep those records of the Partnership required to be maintained under the Act available for inspection and audit by any Limited Partner or its representative, at the expense of the Limited Partner, upon reasonable notice during business hours at the principal place of business of the Partnership; and
- 4.4.8 Perform all other actions necessary to ensure that the Partnership complies with the provisions of the Act and the law of the State of Tennessee.

4.5 Operations Advisory Committee.

The Partnership shall establish an Operations Advisory Committee comprised of up to five (5) members appointed by the Physician Investors, subject to approval of the General Partner. The Operations Advisory Committee will be responsible for consulting with, and advising, the General Partner on matters involved in the operation of the Surgery Center and overseeing the Medical Advisory Committee described in section 4.6 below, including, without limitation, operational and financial performance standards and goals, strategic planning, operational procedures and physician and patient relations at the Surgery Center. The Operations Advisory Committee shall serve as the "governing body" of the Surgery Center for regulatory and accreditation purposes. If no Medical Advisory Committee is established, the Operations Advisory Committee shall also perform the functions of that committee. The Surgery Center administrator and medical director will be *ex officio* members of the Operations Advisory Committee. The Governing Board shall take no action that would subject any Limited Partner members to liability as general partners of the Partnership.

4.6 Medical Advisory Committee.

The Partnership may establish a Medical Advisory Committee comprised of four (4) members of the Surgery Center medical staff, three (3) of whom are appointed by the Operations Advisory Committee and one (1) of whom is appointed by the General Partner. The members of the Medical Advisory Committee shall represent different specialties to the extent possible. The Medical Advisory Committee will be responsible for developing utilization, peer review and quality assurance standards for the Surgery Center, reviewing utilization of Surgery Center services and generally making recommendations to the General Partner regarding the services provided at the Surgery Center, provided however, that the Medical Advisory Committee shall take no action that would subject any Limited Partner members to liability as general partners of the Partnership.

4.7 Compensation of the General Partner.

The General Partner shall receive no compensation for its services as General Partner, except that the General Partner shall be entitled to its interest in Profits, Losses and Cash Available for Distribution as set forth elsewhere in this Agreement; the General Partner shall be entitled to receive repayment of any moneys lent the Partnership, together with interest, if any, provided in connection with any such loan; the General Partner shall be entitled to receive reimbursement for expenses as set forth in Article VIII hereof; and Affiliates of the General Partner shall be entitled to receive compensation as provided in the Management Agreement.

4.8 Other Interests of Partners.

Any Partner may engage in other business including business of a nature which is the same as or similar to the business of this Partnership without any duty or obligation to account to the Partnership in connection therewith, subject to the non-competition provisions of section 5.3.2 hereof. Any Partner may, in its individual capacity, lend money to or otherwise deal with the Partnership and shall have no liability or obligation to the Partnership in connection with such dealings unless the dealings are manifestly unfair or the benefits received by such Partner are unreasonable.

4.9 Rights of General Partner to Consolidate.

It is the intention of the Partners that the General Partner and its parent company shall have such rights as are necessary for the General Partner and its parent company to be able to consolidate the financial results of operations and financial condition of the Partnership with the financial results of operations and financial condition of the General Partner and its parent company under applicable requirements of generally accepted accounting principles, as such may change from time to time. As a result, the General Partner shall have the right to approve the following matters; (i) hiring, firing and setting compensation of employees of the Partnership; (ii) establishing operating and capital budgets for the Partnership; (iii) incurrence of indebtedness by the Partnership; (iv) the terms of any managed care contracts that will be applicable to the Surgery Center; (v) acquisitions and dispositions in the ordinary course of business of the Partnership; (vi) setting prices for goods and services provided by the Partnership and (vii) establishing policies and procedures for the management and ongoing operation of the Partnership's business. The provisions of this Agreement shall be deemed to be amended as necessary from time to time to grant the General Partner and its parent company the continuing right of consolidation if the independent certified accountants for the General Partner determine that additional or other rights must be granted to the General Partner in order to permit consolidation under applicable generally accepted accounting principles in the future.

4.10 Actions Requiring Partner Vote.

The Partnership may not take any of the following actions without approval of the General Partner and Physician Investors holding a majority of the Units in the Partnership owned by Physician Investors as a group.

4.10.1 Except as set forth below or in Sections 3.7 or 4.9 hereof, any amendment to this Agreement.

Notwithstanding the provisions immediately above, amendments to reflect any one or more of the following events may be made by the General Partner when required in order to carry out the other provisions of this Agreement and to comply with law and no such amendments shall require the vote, approval or written consent of any of the Limited Partners:

- (a) Change in the name of the Partnership, the name or place of residence of a Partner, the location of the Partnership's registered office or the identity of the Partnership's registered agent;
- (b) Substitution of a Limited Partner;
- (c) Admission of additional Physician Investors in connection with the transfer of partnership interests in accordance with the provisions of this Agreement;
- (d) Correction of any error in this Agreement; and
- (e) Amendments necessary to cause the Agreement to comply with applicable law, regulation or rule; including, but not limited to, any amendment deemed necessary by the General Partner to permit the Partnership to be treated as a partnership for federal income tax purposes.

4.10.2 Any transaction between the General Partner or its Affiliates and the Partnership, other than those items permitted under Section 4.2.

4.10.3 Filing of a voluntary Bankruptcy by the Partnership.

4.11 Liability of General Partner for its Actions.

The General Partner, its officers, directors, employees, agents and assigns, shall not be liable to the Limited Partners or to the Partnership for any loss suffered which arises out of an act or omission of the General Partner, its officers, directors, employees, agents and assigns, if, in good faith, it was determined by such persons seeking indemnification that such act or omission was in the best interests of the Partnership and such act or omission did not constitute gross negligence or fraud. The General Partner, its officers, directors, employees, agents and assigns, shall be indemnified by the Partnership against any and all claims, demands and losses whatsoever if: (i) the indemnitee conducted himself in good faith; and (ii) reasonably believed (a) in the case of conduct in his official capacity with the Partnership, that his conduct was in its best interests and (b) in all other cases, that his conduct was at least not opposed to its best interests; and (iii) in the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

ARTICLE V

Admission and Withdrawal of Partners and Transfers of Partnership Interests

5.1 Admission of Physician Investors.

Physician Investors may be admitted as Limited Partners of the Partnership at such time and on such terms as may be deemed appropriate by the General Partner, from time to time without requiring the consent or approval of then existing Limited Partners.

5.2 Transfers.

A Limited Partner may sell, assign or otherwise transfer any or all of his interest in the Partnership only if he first complies with the following conditions:

5.2.1 The General Partner must consent to the sale, assignment or transfer of a Limited Partner's interest, and such consent may be withheld by the General Partner in its reasonable discretion. The General Partner will not consent to any sale, assignment, or transfer of any interest or to the admission of any person as a substituted Limited Partner if, in its opinion, such consent and/or substitution would result in a termination of the Partnership within the meaning of the Code, or would constitute a violation of any applicable federal or state law.

5.2.2 The sale, assignment, or transfer of any Limited Partner Unit or interest therein by a Physician Investor must be made to an individual person who satisfies the definition of a Physician Investor, as set forth in section 1.10.32 hereof, or to an entity all of whose equity owners meet the definition of a Physician Investor, or to the General Partner or its Affiliate and the transferee must be determined by the General Partner, in its reasonable judgment, to be a suitable transferee of such Limited Partner Unit.

5.2.3 The transferring Limited Partner and his purchaser, assignee or transferee must execute and deliver to the Partnership such instruments of transfer and assignment with respect to such transaction as are in form and substance satisfactory to the General Partner.

5.2.4 All costs of expenses incurred by the Partnership in connection with any transfer of any Limited Partner's interest pursuant to this Agreement and/or in connection with another Person becoming a transferee or substituted Limited Partner in the Partnership in respect of such interest, including any filing, recording and publishing costs and fees and costs of counsel, shall be paid by, and be the responsibility of, the Limited Partner transferring such interest.

5.3 Required Transfer of Physician Investor's Interest.

Under certain circumstances, a Physician Investor may be required to transfer his Limited Partner Unit.

5.3.1 Upon the death or disability of any Physician Investor, or in the event of a Bankruptcy of a Physician Investor, or if a Physician Investor ceases to satisfy the requirements set forth in the definition of "Physician Investor" as specified in Section 1.10.32 hereof for any reason, the Partnership may at the election of the General Partner, require the estate of such Physician Investor or the Physician Investor, as the case may be, to sell his interest in the Partnership to the Partnership for an amount equal to the greater of (a) three (3) times the Physician Investor's interest in the Partnership's Profits before interest expense and taxes for the preceding fiscal year or (b) the capital contribution made by the Physician to the Partnership less distributions previously received by the Physician Investor from the Partnership, but in no event more than the fair market value of the interest at the time of purchase as determined by an appraisal conducted by a third party appraiser selected by the General Partner and approved by the Operations Advisory Committee.

~~5.3.2 Each Physician Investor agrees not to be an employee, director, creditor, consultant or equity owner of another ambulatory surgery center located within a ten-mile radius of the Surgery Center, during the time of such Physician Investor's ownership interest in the Partnership and for a period of one (1) year thereafter. In the event a Physician Investor breaches this agreement, the Partnership may at the election of the General Partner, and without limiting any other rights of the Partnership to enforce such noncompete, require the Physician Investor to sell his interest in the Partnership to the Partnership for an amount equal to \$1.00. If a court determines that this restriction on competition is too broad in geographic scope or duration, the restriction shall be deemed to be revised to apply to such geographic area or period of time as the court determines to be permissible. Each Physician Investor agrees that the repurchase of his Limited Partner Units upon breach of his noncompete agreement may not be an adequate remedy to the Partnership and that the Partnership shall have the right to injunctive relief to enforce such noncompete agreement in addition to the right to repurchase such Physician Investor's Units.~~

See Second
Amendment
for replacement

5.3.3 If a Physician Investor's interest in the Partnership, in whole or in part, is awarded to his or her spouse upon divorce, the divorcing Physician Investor shall have a first and prior right to purchase from the spouse the interest in the Partnership or portion thereof awarded to the spouse. If within sixty (60) days of the order or settlement agreement effecting such award, the divorcing Physician Investor is unable or unwilling to purchase such interest in the Partnership, the Partnership may at the election of the General Partner require the owner of the interest in the Partnership to sell such interest to the Partnership for an amount equal to the greater of (a) three (3) times the Physician Investor's interest in the Partnership's Profits before interest expense and taxes for the preceding fiscal year or (b) the capital contribution made by the Physician Investor to the Partnership less distributions previously received by the Physician Investor from the Partnership, but in no event more than the fair market value of the interest at the time of purchase as determined by an appraisal conducted by a third party appraiser selected by the General Partner and approved by the Operations Advisory Committee.

5.3.4 Upon a Transfer of a Physician Investor's interest in the Partnership in violation of this Agreement, or an attempted Transfer, which is not aborted upon receipt of notice from the General Partner, the Partnership may at the election of the General Partner require such transferring Physician Investor, or Person or Entity holding the interest that was attempted to be transferred, to sell such interest to the Partnership for an amount equal to \$1.00.

5.3.5 At any time, the Partnership may at the election of the General Partner with the approval of the Physician Investors holding a majority of the then outstanding Units owned by all Physician Investors as group, repurchase the Units held by any Physician Investor, and each Physician Investor hereby agrees to sell his Units to the Partnership upon such election, at a purchase price equal to the greater of (a) three (3) times the Physician Investor's interest in the Partnership's Profits before interest expense and taxes for the preceding fiscal year or (b) the capital contribution made by the Physician to the Partnership less distributions previously received by the Physician Investor from the Partnership, but in no event more than the fair market value of the interest at the time of purchase as determined by an appraisal conducted by a third party appraiser selected by the General Partner and approved by the Operations Advisory Committee.

5.4 Government Regulation.

In the event that, in the opinion of counsel to the Partnership, the referral of or billing for Medicare or any other patients to the Surgery Center by a Physician Investor becomes illegal or such counsel concludes that the receipt of cash distributions from the Partnership by any Physician Investor will be found to be in violation of 42 U.S.C. Section 1320a-7b(b) (the Illegal Remuneration Prohibition in the Social Security Act) or any other statute or regulation or if the Partnership is required to repurchase all outstanding interests in the Partnership in connection with a settlement of an enforcement action under the Illegal Remuneration Prohibition in the Social Security Act or any other statute or regulation, or if the ownership of interests in the Partnership by any Partner becomes illegal under applicable local, state or federal law, the Partnership shall purchase the interest in the Partnership of each Partner who is adversely affected or subject to such settlement for a purchase price equal to the fair market value of the interest in the Partnership at the time of purchase as determined by an appraisal conducted by a third party appraiser selected by the General Partner.

5.5 Payment of Purchase Price of Partner's Interest.

If the Partnership or the General Partner or its Affiliate purchases the interest of a Partner in the Partnership herein pursuant to Section 5.3 or 5.4, the purchase price for the interest shall be determined as set forth above and payable in the manner hereinafter set forth:

5.5.1 All obligations, if any, of the selling Partner to the Partnership shall become immediately due and payable upon purchase of the interest. To the extent not previously taken into account pursuant to this Section 5.5, the purchase price shall be reduced by the amount of any such obligations.

5.5.2 The purchase price for the interest in the Partnership shall be paid in cash.

5.5.3 No payment other than those specifically provided for herein shall be due or payable with respect to the interest of the Partner whose interest in the Partnership is being purchased. Any debt due by the Partnership to the Partner shall be payable according to its terms.

5.5.4 The closing of the purchase of the interest in the Partnership pursuant to this Section 5.5 shall be held at the principal office of the Partnership within ninety (90) days following the giving of written notice to the Partner of the election to purchase such interest. At the closing, the purchaser shall pay, upon the terms specified hereinabove, the purchase price of such Partner's interest in the Partnership to the Partner after receiving appropriate releases and satisfactions.

5.6 Issuance of Additional Units; Resale of Units and Admission of Additional Physician Investors.

If any Units are purchased from Physician Investors pursuant to any of the provisions of Section 5.3 or Section 5.4 hereof, then the Partnership may resell any such Units to any Person who is a Physician Investor, as defined in Section 1.10.32 hereof or to the General Partner or its Affiliate, and such Person may be admitted as a Limited Partner in the Partnership by action of the General Partner without any need to obtain approval of the then existing Limited Partners.

From time to time the Partnership, by action of the General Partner without any need to obtain approval of the then existing Limited Partners, may issue additional Units to Persons who are Physician Investors, as defined in Section 1.10.32 hereof. Any dilution of percentage ownership interests in the Partnership resulting from any such issuance of additional Units shall be shared ratably by all General and Limited Partners of the Partnership.

5.7 Bankruptcy, Resignation, Dissolution, or Liquidation of the General Partner.

If at any time, due to the Bankruptcy, resignation, dissolution or liquidation of a General Partner, no General Partner remains, the Partnership shall dissolve pursuant to Section 6.1 of this Agreement unless a substitute General Partner is elected by a vote of Physician Investors holding a majority of the outstanding Units held by all Physician Investors as a group within 60 days and such Physician Investors vote to continue the business of the Partnership.

5.8 Occurrences Which Are Not Events of Withdrawal by a General Partner.

In order to prevent an inadvertent dissolution of the Partnership at a time when the Limited Partners may not vote to approve such dissolution, the following events shall not constitute a withdrawal of a General Partner:

5.8.1 Making an assignment for the benefit of creditors;

5.8.2 Filing a voluntary petition for relief under Title 11, United States Code;

5.8.3 Filing a petition or answer to a petition seeking for a General Partner any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation;

5.8.4 Being adjudged a bankrupt or an insolvent or having an order for relief entered against such General Partner in any bankruptcy or insolvency hearing;

5.8.5 Filing an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such General Partner in a bankruptcy or insolvency proceeding;

5.8.6 Seeking, consenting to, or acquiescing in the appointment of a trustee, receiver, or liquidation of such General Partner of all or any substantial part of its properties; or

5.8.7 The continuation of any proceeding against such General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law, or regulation, or the appointment of a trustee, receiver, or liquidator for such General Partner or all or any substantial part of its properties without its agreement or acquiescence.

5.9 Additional General Partner; Transfer of General Partner's Interest.

No additional General Partner shall be admitted to the Partnership without the prior written consent of Physician Investors holding a majority of the outstanding Units owned by all Physician Investors as a group. A General Partner may transfer its interests in the Partnership, but any such transferee may not become a substitute General Partner without the consent of Physician Investors holding a majority of the outstanding Units owned by Physician Investors as a group. Notwithstanding the foregoing, the General Partners may assign its interest as a General Partner to Surginet, Inc., any subsidiary corporation of Surginet, Inc., or any other company Affiliated with Surginet, Inc., and such assignee shall be admitted as a substitute General Partner without requiring the approval of any of the Limited Partners.

5.10 Transferees as Substitute Partners.

A party who acquires an interest in the Partnership and who becomes a Substitute Partner as herein provided shall succeed to all of the rights and powers of a Partner with respect to the interest in the Partnership which is acquired. A party who does not become a Substitute Partner shall be entitled only to receive the share of Profits and Losses and the share of distributions of cash and the return of capital contributions to which the Partner from whom he acquired his interest in the Partnership would have been entitled with respect to the interest in the Partnership which is acquired but, notwithstanding any other provision in this Agreement to the contrary, shall have no right to require any information or account of Partnership transactions, no right to inspect the Partnership books and no other rights and powers of a Partner. A party who does not become a Substitute Partner shall nevertheless be subject to all of the provisions of this Agreement and to all of the restrictions and liabilities under this Agreement with respect to the interest acquired.

The transferee of a General Partner's interest may become a substitute General Partner only in accordance with Paragraph 5.9 hereof. In the event of the transfer of a limited partnership interest in accordance with this Agreement, the transferee may become a substitute Limited Partner only after compliance with Section 5.2 hereof.

ARTICLE VI
Dissolution and Termination

6.1 Events Causing Dissolution and Termination.

The Partnership shall be dissolved upon (1) the expiration of the term of the Partnership stated in this Agreement; (2) the sale of all of the assets of the Partnership and the distribution of the net proceeds therefrom; (3) at any time with the written consent of the General Partner and of the Limited Partners who hold a majority of the outstanding Units held by all Limited Partners as a group; (4) the resignation, dissolution and liquidation of the General Partner if no substitute General Partner is elected within 60 days; and (5) any other event as may be provided by law.

The Partnership shall be terminated when the winding up of Partnership affairs has been completed following dissolution.

6.2 Winding Up Affairs on Dissolution.

Upon dissolution of the Partnership, the General Partner, or the persons required or permitted by law to carry out the winding up of the affairs of the Partnership, shall promptly notify all Partners of such dissolution; shall wind up the affairs of the Partnership; shall prepare and file all instruments or documents required by law to be filed to reflect the dissolution of the Partnership; and, after paying or providing for the payment of all liabilities and obligations of the Partnership, shall distribute the assets of the Partnership as provided by law and the terms of this Agreement.

6.3 Distributions on Dissolution.

After dissolution, distributions of cash to Partners on account of their interests as Partners shall be made in accordance with the provisions of Article 3. Assets of the Partnership may be distributed in kind on the basis of the then fair market value thereof as determined by an independent appraiser selected by the distributor appointed by the General Partner, or the persons carrying out the winding up of the affairs of the Partnership in accordance with Section 6.2. If assets are distributed in kind, they may be distributed to the Partners as tenants in common.

6.4 Distributions in Accordance with Capital Accounts.

In the event the Partnership is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made in all cases, in accordance with the Partners' positive Capital Account balances determined after all adjustments to the Partners' Capital Accounts for the taxable year. Such distribution shall be made within the time periods required by Treasury Regulation Section 1.704-1(b).

In the discretion of the General Partner, a pro rata portion of the distributions that would otherwise be made to the Partners may be:

(a) distributed to a trust established for the benefit of the Partners for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent or unforeseen liabilities in connection with the Partnership or of the General Partner arising out of or in connection with the Partnership. The assets of any such trust shall be distributed to the Partners from time to time, in the reasonable discretion of the General Partner, in the same proportions as the amount distributed to such trust by the Partnership would otherwise have been distributed the Partners under Section 6.3.

(b) withheld to provide a reasonable reserve for Partnership liabilities(contingent or otherwise) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld amounts shall be distributed to the Partners as soon as practicable.

6.4.1 Deemed Contribution and Distribution.

Notwithstanding any other provisions of this Article VI, in the event the Partnership is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but the Partnership is not required to be dissolved and wound up pursuant to Sections 6.1 and 6.2, the assets of the Partnership shall not be liquidated, the Partnership's liabilities shall not be discharged, and the Partnership's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Partnership shall be deemed to have contributed the assets and liabilities of the Partnership in kind to a new partnership in exchange for an interest in the new partnership. Immediately thereafter, the Partnership shall be deemed to have distributed interests in the Partnership to the Partners in proportion to their respective interests in the Partnership.

ARTICLE VII
Fiscal Matters

7.1 Books and Records.

The General Partner shall maintain full and accurate books of the Partnership at the principal place of business of the Surgery Center or at such other place as may be designated from time to time by the General Partner, showing all receipts and expenditures, assets and liabilities, profits and losses, and all other records necessary for recording the Partnership's business and affairs. Each Partner and his duly authorized representatives shall at all times have access to and may inspect and copy any of such books and records.

7.2 Fiscal Year.

The fiscal year of the Partnership shall end on December 31 of each year.

7.3 Reports to Partners.

The General Partner shall cause to be prepared and shall deliver to each Partner the following reports:

7.3.1 Within 90 days after the end of each Fiscal Year, all information necessary for the preparation of the Limited Partners' federal income tax returns;

7.3.2 Within 90 days after the end of each Fiscal Year, an annual report of the activities of the Partnership, including an unaudited balance sheet and income statement compiled in accordance with generally accepted accounting principles.

7.3.3 Within 60 days after the end of each month during the Partnership's Fiscal Year, an unaudited balance sheet and income statement compiled in accordance with generally accepted accounting principles.

The General Partner shall be reimbursed for the expense of third parties, such as accountants or attorneys, who are utilized by the General Partner in preparing the following on behalf of the Partnership: audits of financial records if required, informational returns as required by ERISA and government agencies and other services as reflected in the operating budget.

7.4 Bank Accounts.

All funds of the Partnership shall be deposited in such financial institutions as shall be designated by the General Partner from time to time. Withdrawals therefrom shall be made upon such signature or signatures as the General Partner may designate.

7.5 Accounting Decisions.

All decisions as to accounting matters shall be made by the General Partner in accordance with generally accepted accounting principles consistently applied, unless another method of accounting not in accordance with generally accepted accounting principles is selected for tax reporting purposes.

ARTICLE VIII
Expenses of the Partnership

8.1 Reimbursement of Expenses.

All expenses of the Partnership's business should be billed directly to and paid by the Partnership. The General Partner and its Affiliates may charge, and be reimbursed by, the Partnership for all direct expenses incurred by them in connection with the financing of the Partnership or the operation of the Partnership's business.

ARTICLE IX
General Provisions

9.1 Notices.

All notices, consents, waivers, directions, requests, votes or other instruments or communications provided for under this Agreement shall be in writing, signed by the party giving the same, and shall be deemed received and properly given when actually received, if delivered in person, or when mailed, if sent by registered or certified United States mail, postage prepaid, addressed: (a) in the case of the Partnership, to the Partnership at the principal place of business of the Partnership; or (b) in the case of any Partner individually, to such Partner at his address set forth in Schedule A hereto. Each Partner may, by written notice to all other Partners, specify any other address for the receipt of such instruments or communications.

9.2 Power of Attorney.

Each Partner, by the execution of this Agreement, hereby irrevocably constitutes and appoints the General Partner, its successor and assigns, as his true and lawful attorney and agent, with full power and authority in his name, place and stead to swear to, execute, acknowledge, deliver, file and record in any appropriate public office any certificate or other instrument which may be necessary, desirable or appropriate to qualify or to continue the Partnership as a limited partnership in the State of Tennessee and such other jurisdictions as the General Partner believes advisable; any amendment to this Agreement or to any certificate or other instrument which may be necessary, desirable or appropriate to reflect the admission of a Partner, the withdrawal of a Partner or the transfer of all or any part of the interest of a Partner in the Partnership or any additional capital contributions or withdrawal of capital contributions by a Partner; any conveyance of Partnership property or any mortgage or other encumbrance of Partnership property and related documents as may be set forth herein; any note or other instrument evidencing a Partnership obligation and related documents; and any certificates or instrument which may be appropriate, necessary or desirable to reflect the dissolution and termination of the Partnership; provided, however, that nothing contained herein shall permit the General Partner, acting directly or indirectly pursuant to this power of attorney, to take any action that would result in the Limited Partners having any personal liability.

The power of attorney granted hereby shall not be affected by disability of the principal, shall be deemed to be coupled with an interest and shall survive the death or incompetency of any Partner and the transfer by any Partner of his interest as Partner in the Partnership.

The power of attorney granted hereby includes the authority to take any further action which the General Partner shall consider necessary or convenient in connection with any of the powers granted to the General Partner pursuant to this Section 9.2, hereby giving the General Partner full power and authority to do and perform each and every act whatsoever requisite and necessary to be done in and about the foregoing as fully as each Limited Partner might or could do if personally present, and hereby ratifying and confirming all that said General Partner shall do or cause to be done by virtue hereof.

Notwithstanding the existence of the foregoing power of attorney, each Partner hereby agrees to join in the execution, acknowledgment and delivery of the instruments referred to above.

9.3 Meetings; Voting.

Meetings of all Partners may be called by the General Partner and/or any Physician Investors holding more than 10% of the outstanding Units. Upon receipt of a written request stating the purpose(s) of the meeting, the General Partner shall provide all Partners within 10 days after receipt of said request, written notice of the meeting, and the purpose thereof, to be held on a date not less than 15 nor more than 60 days after receipt of said request. Any such meetings shall be held at the principal place of business of the Partnership or at such other place as may be designated by a General Partner in the notice. Except as otherwise provided in this Agreement, any time the Partners, or any class of Partners, is entitled to vote or act on any matter pursuant to this Agreement, such vote or action shall be deemed approved if it receives the affirmative vote of the holders of a majority of the Units held by such Partners or class of Partners.

9.4 Integration.

This Agreement embodies the entire agreement and understanding among the Partners and supersedes all prior agreements and understandings, if any, among and between the Partners relating to the subject matter hereof.

9.5 Applicable Law.

This Agreement and the rights of the Partners shall be governed by and construed and enforced in accordance with the laws of the State of Tennessee.

9.6 Counterparts.

This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all the parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart.

9.7 Severability.

In case any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

9.8 Binding Effect.

Except as herein otherwise provided to the contrary, this Agreement shall be binding upon, and inure to the benefit of, the Partners and their respective heirs, executors, administrators, successors and assigns.

9.9 Waiver of Action of Partition.

The Partners agree that the property of the Partnership is not and will not be suitable for partition and that all the property of the Partnership should be dealt with as a single, integral unit. Accordingly, each of the Partners hereby irrevocably waives any and all rights that he may have to maintain an action for partition of any of the property of the Partnership, either as a partition in kind or a partition by sale.

9.10 Joinder of Spouses.

The spouses of individual Partners join in the execution and delivery of this Agreement for the express purpose of binding their respective community property interests, if any, in the Partnership Units. The spouses are fully aware of, understand and fully consent and agree to the provisions of this Agreement and its effect upon any community property interests they may now or hereafter own, and agree that the termination of their marital relationship with any Partner for any reason or for no reason will not have the effect of removing any Partnership Units of the Partnership otherwise subject to this Agreement from coverage and that their awareness, understanding, consent and agreement are evidenced by their signing this Agreement.

IN WITNESS WHEREOF, the undersigned, being all of the Partners of the Partnership, have executed and acknowledged this Agreement of Limited Partnership as of the day first above written.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By: Joseph C. Hutts
Title: CEO

LIMITED PARTNERS:

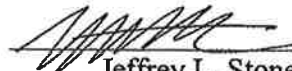
Joseph C. Hutts
Joseph Hutts Original Limited Partner

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 1st day of December, 2003.



Jeffrey L. Stone, M.D.
SS# 264042306

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 7 day of JAN, 2007



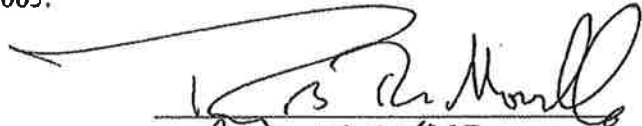
Michael Carlos Diaz, M.D.

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 19th day of Dec., 2003.


Raymond DeNaville M.D.

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 19 day of Dec., 2003.

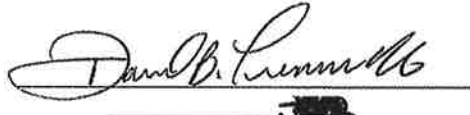
x 
Robert P. Landsberg M.D.

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 16 day of Dec., 2003.



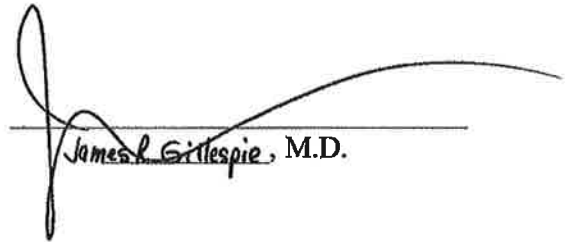
David Trenner

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership (the "Agreement") of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement.

Dated this 14 day of JAN, 2004.



James L. Gillespie, M.D.

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Limited Partner and a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership, as amended (the "Agreement"), of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement. The effective date of admission as a Limited and Substituted Partner is March 1, 2006.

Dated effective as of March 1, 2006.


William Goodman, MD

**SIGNATURE PAGE TO
AGREEMENT OF LIMITED PARTNERSHIP**

NORTHRIDGE SURGERY CENTER, L.P.

By executing below, the undersigned hereby agrees to become a Limited Partner and a Substitute Partner as set forth in Sections 5.2 and 5.10 of the Agreement of Limited Partnership, as amended (the "Agreement"), of Northridge Surgery Center, L.P. and agrees to be bound by all the terms of the Agreement. The effective date of admission as a Limited and Substituted Partner is March 1, 2006.

Dated effective as of March 1, 2006.



Gregory Neal, MD

NORTHRIDGE SURGERY CENTER, L.P.

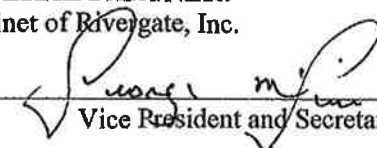
**AMENDED
SCHEDULE A**

Effective April 1, 2006

<u>Name of Partner</u>	<u>Number of Units Prior to 3/1/06</u>	<u>Number of Units Effective 4/1/06</u>
<u>General Partner</u>		
Surginet of Rivergate, Inc.	75	72
<u>Limited Partners</u>		
Northgate Surgical Services, Inc.	16	16
Raymond DeMotive, M.D.	1	4
Michael Carlos Diaz, M.D.	1	0
James R. Gillespie, M.D.	2	2
William Goodman, M.D.	2	2
Robert P. Landsberg, M.D.	1	0
Gregory Neal, M.D.	1	1
David B. Trenner, M.D.	1	1
George Yarbrow, MD	0	2
	<hr/>	<hr/>
	100	100

This Amended Schedule A is approved effective as of April 1, 2006.

GENERAL PARTNER:
Surginet of Rivergate, Inc.

By: 
Its: Vice President and Secretary

NEW RIVERGATE SURGERY CENTER, L.P.

**Amendment to
Agreement of Limited Partnership**

This Amendment to Agreement of Limited Partnership (the "Amendment"), made and entered into as of the 28 day of January, 2002, by and among Surginet of Rivergate, Inc., a Tennessee corporation, as general partner, Joseph C. Hutts, an individual resident of the State of Tennessee (the "Original Limited Partner") and Northgate Surgical Services, Inc., a Tennessee corporation (the "Limited Partner")

WITNESSETH:

WHEREAS, the Partnership was formed by an Agreement of Limited Partnership dated as of December 27, 2001 (the "Partnership Agreement") (a copy of which is attached hereto); and

WHEREAS, the Partnership has entered into an Asset Contribution Agreement with Northgate Surgical Services, Inc. (the "Asset Contribution Agreement") pursuant to which Northgate Surgical Services, Inc. has agreed to transfer to the Partnership all of the assets used in the operation of the Surgery Center located at 647 Myatt Drive, Nashville, Tennessee, in exchange for certain cash payments and a 20% limited partner interest in the Partnership; and

WHEREAS, the parties hereto desire to amend the Partnership Agreement to reflect the admission of Northgate Surgical Services, Inc. as a Limited Partner in the Partnership.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, agree and certify as follows:

1. Admission of Northgate Surgical Services Inc. Northgate Surgical Services, Inc. is hereby admitted as a Physician Investor Limited Partner of the Partnership in accordance with the Asset Contribution Agreement and pursuant to the provisions of Section 5.1 of the Partnership Agreement, and shall be entitled to all rights and privileges and shall assume all obligations and duties of a Limited Partner under the terms and conditions set forth in such Partnership Agreement.

2. Resignation and Redemption of Original Limited Partner. All of the interest of the Original Limited Partner in the Partnership is hereby redeemed and the Original Limited Partner hereby withdraws and resigns as a limited partner in the Partnership pursuant to and in accordance with the terms of Section 2.6 of the Partnership Agreement..

3. Amendment to Schedule A. Schedule A to the Partnership Agreement is hereby specifically amended to provide that the names, residence addresses number of units owned and capital contributions of the Partners are as set forth on Schedule A to this Amendment .

IN WITNESS WHEREOF, the undersigned, representing all of the partners of the Partnership have executed and acknowledged this Amendment to Agreement of Limited Partnership as of the 28 day of January 2002.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By: Joseph C. Hufts
Its: CEO

ORIGINAL LIMITED PARTNERS:

Joseph C. Hufts
Joseph C. Hufts

LIMITED PARTNER:

NORTHGATE SURGICAL SERVICES, INC.,

By: _____
Its: _____

IN WITNESS WHEREOF, the undersigned, representing all of the partners of the Partnership have executed and acknowledged this Amendment to Agreement of Limited Partnership as of the ____ day of January 2002.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By: _____
Its: _____

ORIGINAL LIMITED PARTNERS:

Joseph C. Hutts

LIMITED PARTNER:

NORTHGATE SURGICAL SERVICES, INC..

By: Robert K. Korman
Its: President

NORTHRIDGE SURGERY CENTER, L.P.

**SECOND AMENDMENT TO
AGREEMENT OF LIMITED PARTNERSHIP**

This Second Amendment to Agreement of Limited Partnership, made and entered into effective January 31, 2004, by and between those persons executing this Amendment.

1. Each of the undersigned is a partner of Northridge Surgery Center, L.P. (the "Partnership") and a party to the Partnership's Agreement of Limited Partnership (the "Agreement") and desires to amend certain provisions of the Agreement.

2. Section 5.3.2 is deleted in its entirety and replaced with the following:

Section 5.3.2 Each Physician Investor and each equity owner of an Entity that is a Physician Investor agrees not to be, directly or indirectly, an employee, director (other than medical director), creditor, consultant or equity owner of another healthcare facility that operates or manages operating rooms where surgical procedures are performed, located within a 10 mile radius of the Center, during the time of such Physician Investor's ownership interest in the Partnership (or during the time of such equity owner's ownership of an interest in an Entity that is a Physician Investor) and for a period of one (1) year thereafter, without the prior written approval of the General Partner.

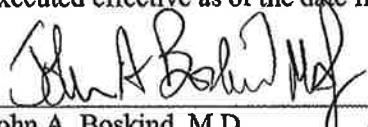
In the event a Physician Investor breaches the restrictions in this Section, the Partnership may at the election of the General Partner, and without limiting any other rights of the Partnership to enforce such restrictions, require the Physician Investor to sell his interest in the Partnership to the Partnership for an amount equal to the Physician's Investor's total capital contributions to the Partnership less all distributions received by the Physician Investor.

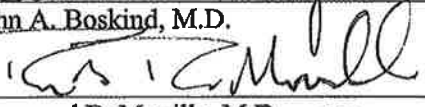
In the event that any equity owner of an Entity that is a Limited Partner breaches this Agreement, the Partnership may at the election of the General Partner, without requiring consent of the Limited Partners, and without limiting any other rights of the Partnership to enforce the provisions of Section 5.3.2, require the Entity sell a portion of its interest in the Partnership based on the equity owner's relative percentage ownership of the Entity, to the Partnership for an amount equal to a portion of the amount calculated as provided in the preceding paragraph. Both the portion of the Entity's Partnership interest and the portion of the amount calculated as described in the preceding paragraph shall be based on the equity owner's relative percentage ownership of the Entity.

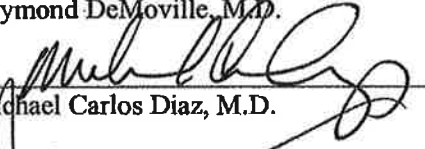
If a court determines that the provisions of Section 5.3.2 are too broad in geographic scope or duration, the restriction shall be deemed to be revised to apply to such geographic area or period of time as the court determines to be permissible. Each Physician Investor agrees that the

of Section 5.3.2 may not be an adequate remedy to the Partnership and that the Partnership shall have the right to injunctive relief to enforce such provision in addition to the right to repurchase such Physician Investor's interest in the Partnership. Each Entity that is a Physician Investor covenants and agrees to obtain from each of its equity owners a joinder or other agreement pursuant to which each such equity owner agrees to be bound by the provisions of this Section 5.3.2.

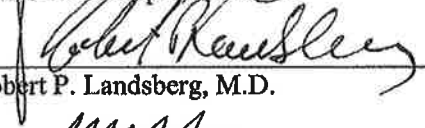
IN WITNESS WHEREOF, this second Amendment to the Operating Agreement is executed effective as of the date first set forth above.

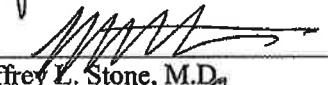

John A. Boskind, M.D.


Raymond DeMerville, M.D.


Michael Carlos Diaz, M.D.

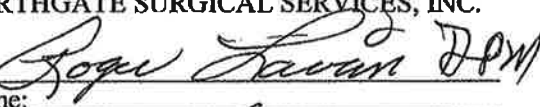

James R. Gillespie, M.D.


Robert P. Landsberg, M.D.

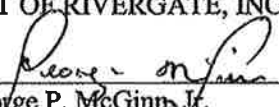

Jeffrey L. Stone, M.D.


David B. Trenner, DPM

NORTHGATE SURGICAL SERVICES, INC.

By: 
Name: _____
Title: President

SURGINET OF RIVERGATE, INC.

By: 
Name: George P. McGinn, Jr.
Title: Vice President and Secretary

**THIRD AMENDMENT TO
AGREEMENT OF LIMITED PARTNERSHIP
OF
NORTHRIDGE SURGERY CENTER, L.P.**

This Third Amendment ("Amendment") is entered into effective as of July 1, 2006 (the "Effective Date") by and among Surginet of Rivergate, Inc., a Tennessee corporation (the "General Partner"), Saint Thomas/USP Surgery Centers II, L.L.C., a Tennessee limited liability company (the "New General Partner"), and the Limited Partners of Northridge Surgery Center, L.P., a Tennessee limited partnership (the "Partnership"), with reference to the following facts:

RECITALS

- A. The General Partner currently owns a 72% interest in the Partnership.
- B. The parties hereto, or their predecessors in interest, entered into that certain Agreement of Limited Partnership of the Partnership, dated as of December 27, 2001, as amended on January 28, 2002 and January 31, 2004 (collectively, the "Agreement"). Unless otherwise defined herein, the capitalized terms used in this Amendment shall have the meanings ascribed to them in the Agreement.
- C. The parties hereto acknowledge and agree that concurrently with the execution of this Amendment and effective as of the Effective Date: (1) the General Partner will assign a 70.59% interest in the Partnership to the New General Partner, which will become the sole general partner of the Partnership; (2) the General Partner will assign a 1.41% interest in the Partnership to Saint Thomas Network ("STN"), a Tennessee not-for-profit corporation, which will become a substitute Limited Partner; and (3) the current Surgery Center Management Agreement (the "Management Agreement"), dated January 28, 2002, as previously amended on January 1, 2004, by and between the Partnership and Surgis Management Services, Inc., f/k/a Surginet Management Services, Inc., a Tennessee corporation ("Manager"), will be amended, as further described herein.
- D. Since the New General Partner is owned in part by Saint Thomas Health Services ("STHS"), a Tennessee not-for-profit corporation, which is a tax-exempt entity under Section 501(c)(3) of the Code, and will provide certain managed care contracting services to the Partnership, it is necessary for the Partnership to agree to operate the Surgery Center in a manner that promotes STHS' tax-exempt, religious and charitable purposes.
- E. The parties hereto desire to amend the Agreement as more fully provided herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

A G R E E M E N T

1. All references in the Agreement to "General Partner" shall mean the New General Partner, which will be admitted to the Partnership as the sole general partner of the Partnership as a result of the transactions contemplated in Recital C above. The Agreement is amended to include conforming changes with respect to the foregoing, including without limitation replacing the entity listed in the definition of General Partner set forth in the preamble of the Agreement and Schedule A with the New General Partner.

2. The text of Section 1.3 of the Agreement is amended in full to read as follows:

"The term of the Partnership commenced on December 27, 2001 and shall continue in existence on a perpetual basis unless and until terminated and liquidated in accordance with the provisions hereof or as provided by law."

As a result of the foregoing change, clause (1) of Section 6.1 of the Agreement is hereby deleted.

3. Article I of the Agreement is amended by adding the following new Section 1.11:

"1.11 Tax-Exempt Status of Affiliate.

For so long as the General Partner or a direct or indirect owner of the General Partner, including Saint Thomas Health Services, a Tennessee not-for-profit corporation ("STHS"), is tax exempt under Section 501(c)(3) of the Code, the Partnership's health care facilities, including the Surgery Center, will be operated and managed in a manner that complies with the ethical and religious directives applicable to Catholic healthcare facilities and that furthers the charitable purposes of STHS by promoting health for a broad cross-section of the community, especially those who are poor. Specifically, the Partnership, the Surgery Center and the business will be operated and managed in a manner:

- (a) that provides non-discriminatory access to patient care services based on medical necessity, without regard to the patient's race, creed, national origin, gender, payor service or ability to pay;
- (b) that provides non-discriminatory access to patient care services to individuals covered by Medicare or Medicaid;
- (c) that offers care to indigents without expectation of payment;

(d) that will not, in the reasonable opinion of the tax exempt organization, on advice of the tax exempt organization's legal and/or tax counsel, cause such affiliated tax exempt organization or any of its tax exempt affiliates to act other than exclusively in furtherance of their respective tax exempt purposes or adversely affect their tax exempt status under Section 501(c)(3) of the Code; and

(e) that complies with the Ethical and Religious Directives for Catholic Health Facilities.

Additionally, the Surgery Center shall (x) have a conflict of interest policy acceptable to STHS and (y) maintain all necessary licenses and obtain and maintain accreditation in good standing with the Joint Commission on Accreditation of Health Care Organizations or the Accreditation Association for Ambulatory Health Care, or a comparable accrediting organization approved by STHS.

All Partners are aware of the limitations on the actions of the Partnership due to the tax exempt status and charitable purpose of STHS, and each Partner agrees that any decision of the General Partner to forego an action which would be inconsistent with the tax exempt status of STHS, or any decision of the General Partner to take an action which furthers the charitable purposes of STHS over any profit making motives of the Partnership, shall not be a breach of the duty of loyalty or a breach of any fiduciary duty to the Partnership, notwithstanding that any such decision is not in the best interest of the Partnership."

4. In accordance with Section 5.9 of the Agreement, the undersigned Physician Investors hereby consent to the New General Partner becoming a substitute general partner of the Partnership as a result of the transactions contemplated in Recital C above.

5. The parties acknowledge and agree that (a) there is currently an existing intercompany loan of approximately \$1.9 million owed by the Partnership to the Manager, of which \$600,000 will be forgiven and the balance of which will be evidenced by a promissory note to be executed by the Partnership in the form attached hereto as Attachment "A," and (b) in exchange for said forgiveness of a portion of the indebtedness, the Management Agreement will be amended, effective as of the Effective Date, to, among other things, increase the management fees and change the term as set forth therein, which amendment shall be substantially in the form attached hereto as Attachment "B."

6. The parties acknowledge that upon the Effective Date, each currently outstanding Unit is hereby converted into two Units. Accordingly, following such conversion, there shall be 200 outstanding Units in the Partnership. The post-conversion Units shall be

reflected in the assignments of Units to the New General Partner and STN, as described in Recital C above.

7. Separate copies of this Amendment may be signed by the Partners, with the same effect as though all signing Partners had signed one copy of this Amendment. Signatures transmitted by facsimile or via other electronic transmission system shall be accepted as original signatures.

8. In accordance with Section 4.10 of the Agreement, this Amendment shall be approved, effective as of the Effective Date, when counterparts have been signed by the General Partner and by Physician Investors who own a majority of the outstanding Units held by Physician Investors as a group.

9. Except as expressly amended by this Amendment, the Agreement shall continue in full force and effect.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Agreement of Limited Partnership as of the Effective Date.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By John J. Wellik
John J. Wellik
Vice President, Secretary and Treasurer

NEW GENERAL PARTNER:

**SAINT THOMAS/USP SURGERY CENTERS II,
L.L.C.**

By John J. Wellik
John J. Wellik
Vice President, Secretary and Treasurer

LIMITED PARTNERS:

NORTHGATE SURGICAL SERVICES, INC.

By _____
Name _____
Title _____

Raymond De Merville, M.D.

James R. Gillespie, M.D.

William Goodman, M.D.

Francis Hawthorn, D.P.M.

William Lambert, D.P.M.

Gregory Neal, M.D.

James Rogers, D.P.M.

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Agreement of Limited Partnership as of the Effective Date.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By _____
John J. Wellik
Vice President, Secretary and Treasurer

NEW GENERAL PARTNER:

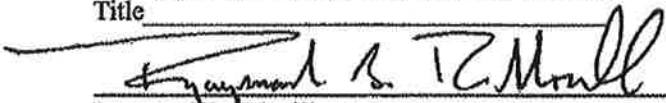
**SAINT THOMAS/USP SURGERY CENTERS II,
L.L.C.**

By _____
John J. Wellik
Vice President, Secretary and Treasurer

LIMITED PARTNERS:

NORTHGATE SURGICAL SERVICES, INC.

By _____
Name _____
Title _____


Raymond De Merville, M.D.

James R. Gillespie, M.D.

William Goodman, M.D.

Francis Hawthorn, D.P.M.

William Lambert, D.P.M.

Gregory Neal, M.D.

James Rogers, D.P.M.

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WILLIAM GOODMAN MD

PAGE 02

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Agreement of Limited Partnership as of the Effective Date.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By _____
John J. Wellik
Vice President, Secretary and Treasurer

NEW GENERAL PARTNER:

**SAINT THOMAS/USP SURGERY CENTERS II,
L.L.C.**

By _____
John J. Wellik
Vice President, Secretary and Treasurer

LIMITED PARTNERS:

NORTHGATE SURGICAL SERVICES, INC.

By _____
Name _____
Title _____

Raymond De Merville, M.D.

James R. Gillespie, M.D.

William Goodman, MD 7-10-06

William Goodman, M.D.

Francis Hawthorn, D.P.M.

William Lambert, D.P.M.

Gregory Neal, M.D.

James Rogers, D.P.M.

FRANCIS HAWTHORN

8882870

07/28/06 01:22pm P. 002

FAX: 827-0044
ATTN: GILES CAVER

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Agreement of Limited Partnership as of the Effective Date.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By _____
John J. Wellik
Vice President, Secretary and Treasurer

NEW GENERAL PARTNER:

**SAINT THOMAS/USP SURGERY CENTERS II,
L.L.C.**

By _____
John J. Wellik
Vice President, Secretary and Treasurer

LIMITED PARTNERS:

NORTHGATE SURGICAL SERVICES, INC.

By _____
Name _____
Title _____

Raymond De Merville, M.D.

James R. Gillespie, M.D.

William Goodman, M.D.

Francis Hawthorn
Francis Hawthorn, D.P.M.

William Lambert, D.P.M.

Gregory Neal, M.D.

James Rogers, D.P.M.

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment to Agreement of Limited Partnership as of the Effective Date.

GENERAL PARTNER:

SURGINET OF RIVERGATE, INC.

By _____
John J. Wellik
Vice President, Secretary and Treasurer

NEW GENERAL PARTNER:

**SAINT THOMAS/USP SURGERY CENTERS II,
L.L.C.**

By _____
John J. Wellik
Vice President, Secretary and Treasurer

LIMITED PARTNERS:

NORTHGATE SURGICAL SERVICES, INC.

By _____
Name _____
Title _____

Raymond De Merville, M.D.

James R. Gillespie, M.D.

William Goodman, M.D.

Francis Hawthorn, D.P.M.

William Lambert, D.P.M. M.D.

Gregory Neal, M.D.

James Rogers, D.P.M.

07/27/06 THU 06:38 FAX 6156853028


SURGIS INC

005

07/26/2006 13:04 6158468690

NAVEEN SRINIVAS MD

PAGE 07

 07/26/06

Naveen Srinivas, M.D.

David B. Trenner, D.P.M.

George Yarbro, M.D.

Naveen Srinivas, M.D.

David B. Trenner, D.P.M.

George Yarbso, MD
George Yarbso, M.D.



Tre Hargett
Secretary of State

Division of Business Services

Department of State

State of Tennessee

312 Rosa L. Parks AVE, 6th FL

Nashville, TN 37243-1102

KEVIN KIMBELL
71 VICKERY STREET
ROSWELL, GA 30075

May 15, 2018

Request Type: Certificate of Existence/Authorization

Request #: 0276965

Issuance Date: 05/15/2018

Copies Requested: 1

Document Receipt

Receipt #: 004085301

Filing Fee: \$20.00

Payment-Credit Card - State Payment Center - CC #: 3730455086

\$20.00

Regarding: NORTHRIDGE SURGERY CENTER, L.P.

Filing Type: LP 1988 Act - Domestic

Control #: 419152

Formation/Qualification Date: 12/27/2001

Date Formed: 12/27/2001

Status: Active

Formation Locale: TENNESSEE

Duration Term: Expires: 12/27/2051

Inactive Date:

Business County:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

NORTHRIDGE SURGERY CENTER, L.P.

* is a Limited Partnership duly created under the law of this State, whose Certificate of Limited Partnership was filed with this office on the date given above;

* has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has appointed a registered agent and registered office in this State;

* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

Processed By: Cert Web User

Verification #: 027843331

Tab 2

TAB 2, Attachment Section A-4B-2
Directors and Organizational Chart

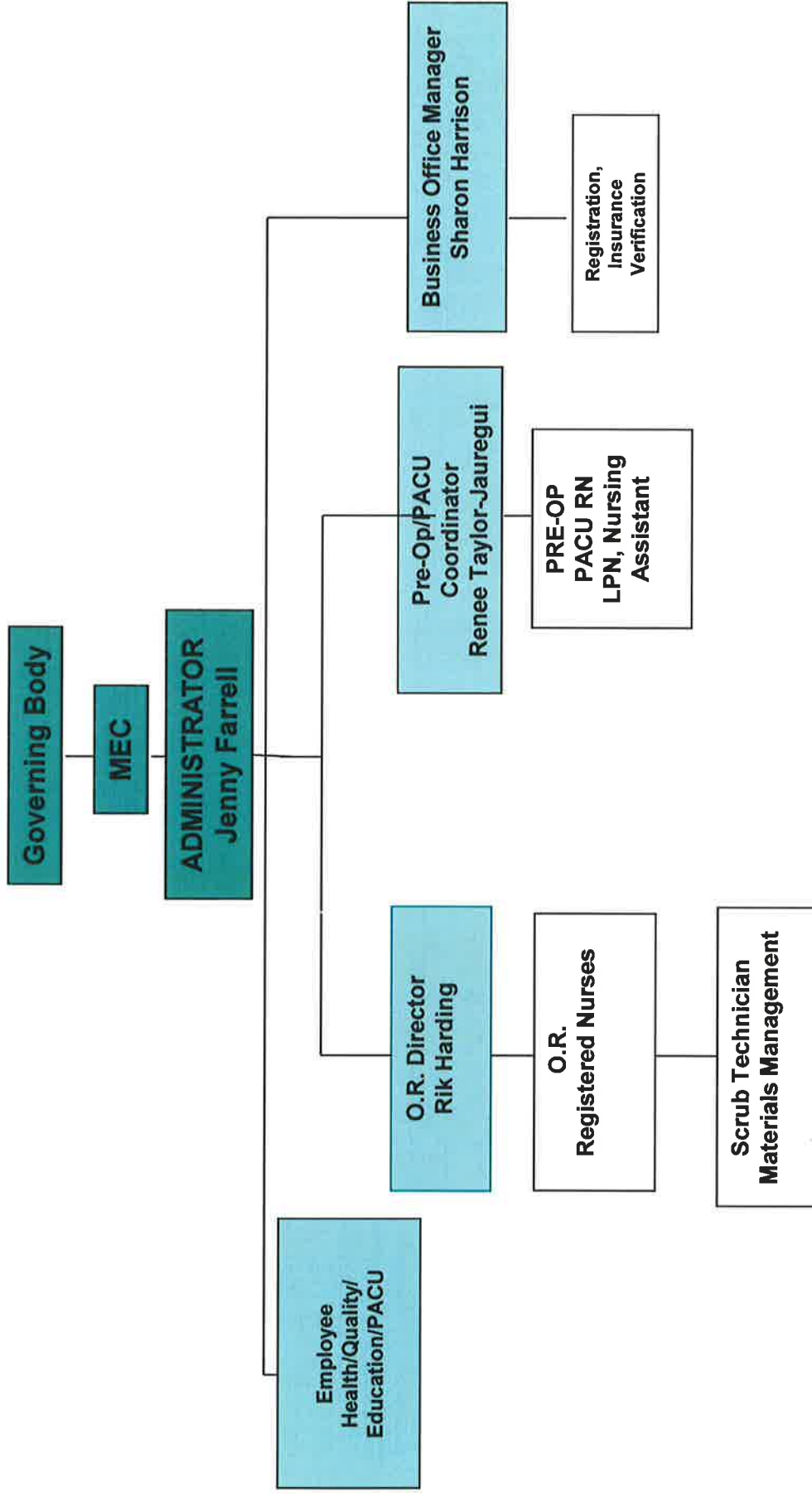
Officers and Directors of Northridge Surgery Center, L.P.

Governing Board Members:

Tim Adams – CEO St. Thomas
Lisa Davis – CFO St. Thomas
Michelle Robertson – COO ST. Thomas
Amber Sims – CSO St. Thomas
Dr. James – CMO St. Thomas
Corey Ridgway, Market President USPI
Erik Kraemer, SVP Development USPI
Susan Gant, RVP USPI
John Snyders, RVP USPI
Scott Butler, RVP USPI

Officers

Jason Cagle – VP/Treas
Corey Ridgway – VP
Susan Gant – VP
Daphne Walker – VP/Sec
Andy Johnston – Pres
Jenetha Moran – Asst Sec
Carol Koch – Asst Treas
Kathy Dougherty – VP



Northridge Surgery Center, L.P. Organization Chart

5/15/2018

Tab 3

TAB 3, Attachment Section A-5
Management Agreement

SURGINET MANAGEMENT SERVICES, INC.

RIVERGATE SURGERY CENTER

SURGERY CENTER MANAGEMENT AGREEMENT

THIS SURGERY CENTER MANAGEMENT AGREEMENT (the "Agreement") is made and entered into this 28 day of January, 2002 by and between Surginet Management Services, Inc., a Tennessee corporation, (the "Management Company") and New Rivergate Surgery Center, L.P., a Tennessee limited partnership (the "Owner").

WITNESSETH:

WHEREAS, the Management Company is a corporation formed under and existing by virtue of the laws of the State of Tennessee engaged in the business of managing ambulatory surgery centers; and

WHEREAS, the Owner owns and operates, or will own and operate, a surgery center (the "Center") located at 647 Myatt Drive, Nashville, Tennessee 37115; and

WHEREAS, the Owner desires to engage the Management Company to manage the Center, and the Management Company is willing to accept such engagement, both subject to the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the foregoing and, in accordance with the terms and conditions set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
ENGAGEMENT, SERVICES, AND AUTHORITY

Section 1.1 Engagement. The Owner hereby engages the Management Company to perform the functions and to provide the services in this Agreement, and Management Company hereby accepts the engagement under the terms and conditions set forth in this Agreement. The Owner hereby appoints the Management Company as its attorney-in-fact with full power on its behalf and in its name, or in the name of the Center, to enter into contracts relating to the affairs of the Center.

Section 1.2 Authority.

(a) The Management Company hereby represents and warrants to the Owner that it has the right, power, legal capacity, and authority to enter into and perform its

obligations under this Agreement, and further represents and warrants to the Owner that no approvals or consents of any person or entity other than the Management Company are necessary in connection with the execution of this Agreement by the Management Company. The execution and delivery of this Agreement by the Management Company has been duly authorized and approved by the board of directors of the Management Company.

(b) The Owner hereby represents and warrants to the Management Company that it has the right, power, legal capacity, and authority to enter into and perform its obligations under this Agreement, and further represents and warrants to the Management Company that no approvals or consents of any person or entity other than the Owner are necessary in connection with the execution of this Agreement by the Owner. The execution and delivery of this Agreement by the Owner has been duly authorized and approved by the board of directors, or other appropriate governing body, of the Owner.

Section 1.3 **Authority of the Management Company.**

(a) Authority. Subject to the limitations and conditions set forth in this Agreement the Management Company, as manager of the Center, shall have the authority to conduct, supervise, and manage the day-to-day operations of the Center. The Management Company shall be expected to exercise its best judgement in its management activities. The Management Company shall have authority, subject to the written policies of the Owner, for all activities described in Articles II, III, and IV below. The Management Company agrees to use its best efforts in the management and operation of the Center, agrees to furnish its best skill and judgement in furthering the interests of the Center and agrees to comply with the Owner's instructions relating thereto. The Management Company shall exercise its best efforts at all times during the term of this Agreement to operate the Center as a high quality facility for the providing of services to its patients in accordance with the terms of the Center's licensure and the conditions of participation in the Medicare program and to conduct such operations as efficiently and economically as practicable.

(b) Reliance. In furtherance of the objectives of this Agreement, the Management Company shall be entitled to rely upon instructions received from the Owner as to any and all acts to be performed by the Management Company.

(c) Construction. The grant of express authority to Management Company with regard to specific matters by this Agreement is not intended by the Surgery Center Company to be narrowly construed for the purpose of restricting the authority of Management Company.

Section 1.4 **Control Retained by the Owner.** The Owner shall at all times exercise final control over the assets and operation of the Center, and the Management Company shall perform its functions to manage the Center as described in this Agreement in accordance with policies, directives, and budgets adopted by the Owner. By entering into this Agreement, the Owner does not delegate to the Management Company any of the powers, duties, and responsibilities vested in the Owner by law. The Owner may, consistent with the terms of this Agreement, direct the Management Company to implement existing policies and may adopt policy recommendations or

proposals made by the Management Company. The Management Company and the Owner each expressly disclaim any intent to form a partnership, association, or any other entity, or to become joint venturers in the operation of the Center for tax or other purposes by virtue of the execution of this Agreement. The relationship created by this Agreement is one of principal (the Owner) contracting with an agent (the Management Company) as independent contractors.

Section 1.5 Medical and Professional Matters. The Management Company shall not be responsible for any medical or professional matters relating to the Center. The Management Company may consult with the Owner and make recommendations concerning such matters from time to time, however, the Owner shall be solely responsible for all decisions and actions taken with respect to medical and professional matters.

ARTICLE II FISCAL MATTERS

Section 2.1 Accounting Records. The Management Company shall supervise, direct, and maintain, at the Owner's expense, a suitable accounting system on the accrual method of accounting and shall cause quarterly compilations to be prepared for the Owner within sixty (60) days after the close of each fiscal quarter.

Section 2.2 Deposit and Disbursement of Funds. As agent for and on behalf of the Owner, the Management Company shall deposit in a bank account opened in the name of the Owner (or such other name as directed by the Owner) all receipts and monies arising from the operation of the Center, and shall make disbursements from the account on behalf of the Owner in such amounts and at such times as the same are required for operation of the Center. The handling of receipts and disbursements with respect to such bank accounts shall be in accordance with customary business practices and authorized signatures to such accounts shall be bonded.

Section 2.3 Prior Approvals. The Management Company shall have full authority to make management decisions during the normal course of the Center's daily operations; provided, however, that prior specific approval of the Owner through such officer or officers or employee or employees of the Owner as the Owner may designate from time to time shall be obtained before the Management Company may make any of the following commitments which are outside, or which exceed, the approved Budget (as defined in Section 2.11).

- (a) Commitment of the Owner's funds for any single operating or capital expenditure exceeding Twenty-Five Thousand Dollars (\$25,000.00).

- (b) Binding the Owner to any contract exceeding Twenty-five Thousand Dollars (\$25,000.00) in value, or exceeding a term of five (5) years.

The foregoing limitations regarding expenses not covered by the Budget shall not apply to (i) emergency expenses which the Management Company reasonably believes involve danger to life or property, preservation of the safety of the Center or the safety of patients, or emergency expenses which the Management Company reasonably believes to be necessary in order to avoid the suspension of any necessary service to the Center, or (ii) appropriate expenses made by the Management Company due to increases in volume at the Center.

Section 2.4 Collection of Accounts. Pursuant to collection policies approved by the Owner, the Management Company shall use reasonable efforts to collect all accounts due to the Owner, enforce the rights of the Owner under any contract or in connection with the rendering of any service, and take reasonable steps to minimize the number and amount of bad debts. The Management Company may employ collection agencies or attorneys for the collection of bad debts in the name of and at expense of the Owner.

Section 2.5 Payment of Accounts and Indebtedness.

(a) **General.** The Management Company shall be responsible for effecting the payment of payroll, trade accounts, amounts due on short-term and long-term indebtedness, taxes and all other obligations of the Center on behalf of the Owner and from the Owner's accounts in the matter set forth in Section 2.2 above. The Management Company shall have no separate liability with respect to any obligation of the Owner or the Center.

(b) **Payroll.** The Management Company shall have the authority to utilize a payroll agent for the Center, should the Management Company determine the use of such an agent to be desirable.

Section 2.6 Patient Charges. The Management Company and the Owner recognize the importance of maintaining patient charges that will enable the Center to meet its obligations while containing the cost of health care. The Management Company shall establish schedules of patient charges for services and supplies provided by the Center which take into account the financial obligations of the Owner relating to the Center and the level of patient charges at other centers or hospitals nearby for similar services.

Section 2.7 Insurance. The Owner shall, at its expense, maintain general liability insurance, including professional liability insurance, with an endorsement naming the Management Company (as agent for the Owner) as an additional insured thereunder. The insurance companies providing such coverage and the amounts of such coverage must be reasonably acceptable to the Management Company, and such insurance must include appropriate workers' compensation coverage for all personnel working at the Center; professional, casualty and comprehensive general liability

insurance covering the Owner and the Management Company and personnel working at the Center and casualty and comprehensive liability insurance with shall insure against loss of or physician damage to the Center and the furniture, fixtures and equipment therein, under standard all-risk coverage (including but not limited to fire, smoke, lightening, wind storm, explosion, aircraft or vehicle damage, riot, civil commotion, vandalism, and malicious mischief) and shall also include damage due to flood and earthquake unless waived by the Management Company.

The right of the Management Company to invoke the protection of such insurance policies shall be severable from and independent of the Owner's rights, and these policies shall not be terminable or non-renewable except upon thirty (30) days' written notice to the Management Company. No later than thirty (30) days following the execution of this Agreement and thirty (30) days following the end of each policy year, the Owner shall deliver to the Management Company a copy of the endorsements naming the Management Company as an additional insured. Such insurance policies shall contain endorsements which reflect the primary liability of the Owner's insurance carrier for all covered losses provided for herein. The Owner hereby waives any right of contribution with respect to the losses covered under such policies (or with respect to deductibles thereunder) against the Management Company or any of the Management Company's insurance carriers.

Section 2.8 Operating Supplies and Equipment. The Management Company shall have authority to order and purchase, at the Owner's expense, all operating supplies and equipment and other materials, supplies and equipment for the account of the Center as may be reasonably needed for the maintenance and operation of the Center. The Management Company may purchase materials, supplies and equipment on a bulk basis with other surgery centers owned or managed by the Management Company or its Affiliates in order to reduce the Owner's costs of such materials, supplies and equipment. In such event, the Management Company shall allocate the cost of such materials, supplies and equipment to the Owner based on the actual materials, supplies and equipment used by the Center and shall not mark-up the cost of such items.

Section 2.9 Ancillary and Other Arrangements. The Management Company shall be authorized, at the Owner's expense, to make, install or cause to be made or installed all necessary and proper repairs, replacements, additions, and improvements in and to the Center and to the Center property and equipment used in connection with the Center, in order to keep and maintain the Center in good repair, working order, and condition, and outfitted and equipped for operation consistent with the goals and objectives set forth in this Agreement. The Management Company shall be authorized, for and on behalf of the Owner, to negotiate and enter into such agreements as it may deem necessary or advisable for the furnishing of utilities, services, and supplies for the maintenance and operation of the Center.

Section 2.10 Capital Improvements. The Owner shall, at its expense, provide sufficient space to operate the Center. The Management Company shall review and make

recommendations concerning proposed capital improvements to the Center, and shall be authorized, for the account of the Owner, to negotiate, contract for, arrange financing for, and supervise the installation of all capital improvements to the operation of the Center.

Section 2.11 Budget. Prior to December 1 of each year during the term hereof, the Management Company shall prepare and submit to the Owner for its consideration a budget (the "Budget") setting forth the estimated receipts and expenditures (capital, operating and other) of the Center for the next year. When approved by the Owner, the Management Company shall implement the Budget and is hereby authorized, without the need for further approval from the Owner, to make the expenditures and incur the obligations provided for in the Budget. Until the Budget is approved by the Owner, the Management Company shall be authorized to act pursuant to the last Budget approved by the Owner with a 5% per annum increase assumed in all expenses.

ARTICLE III **MAINTENANCE OF STANDARDS**

Section 3.1 Standard of Health Care. The Management Company shall use its best efforts to take all steps necessary to assure that the Center's operations meet a high standard of health care in accordance with the written policies adopted by the Owner and the resources available to the Center. The Management Company shall evaluate all quality control programs designed to meet the standards imposed by appropriate certifying or licensing agencies (if any) and to bring about a high standard of health care in accordance with the Owner's written policies and the Center's available resources.

Section 3.2 Consultants. The Management Company shall be a non-medical consultant for the Center and shall use its administrative and managerial expertise to carry out this Agreement. If other consultants are needed, the Management Company may employ such consultants at the Owner's expense.

Section 3.3 Planning. The Management Company shall assist the Owner in reviewing the short-range, medium-range, and long-range objectives of the Center and may make recommendations to the Owner with respect to these objectives.

Section 3.4 Licenses and Permits. The Management Company shall be authorized, for and on behalf of the Owner, to apply for, and to take all steps necessary to obtain and maintain, in the name of and at the expense of the Owner, all licenses and permits required in connection with the management and operation of the Center. The Owner shall cooperate with the Management Company in applying for, obtaining, and maintaining such licenses and permits.

Section 3.5 Confidentiality of Patient Records. The Management Company shall protect the confidentiality of the patient records of the Center and shall comply in all material respects with all applicable federal, state, and local laws and regulations relating to the patient records of the Center. The Management Company may allow risk management consultants and similar consultants to review such records, but only after obtaining a signed confidentiality agreement from such consultants.

Section 3.6 Patient Services. From time to time and as appropriate, the Management Company may make written recommendations to the Owner concerning changes in the services offered by the Center.

ARTICLE IV **EMPLOYEES AND SERVICES**

Section 4.1 General.¹ The Owner hereby authorizes the Management Company to recruit, train, promote, assign, terminate, and, as set forth in Section 4.2 below, set the compensation level of and discharge all operating and service personnel necessary for the proper operation and maintenance of the Center.² Such operating and service personnel may be the employees of the Management Company or may be employees of the Owner, at the election of the Management Company.³ If such employees are employed by the Management Company, then the Management Company shall be solely liable to such employees for their wages, compensation, and benefits, if any, but shall be reimbursed by the Owner for all such amounts. For purposes of this Section 4.1, the term "benefits" shall include the Management Company's employer contribution to F.I.C.A., unemployment compensation and any other employment taxes, workers' compensation, pension plan contributions, group life and accident and health insurance premiums, retirement, disability, and other similar benefits.

Section 4.3 Pay Scales and Personnel Policies. The Management Company shall determine the pay scales of the employees working at the Center, the number of employees required for the Center's operations, and the personnel policies, either throughout the Center or within one or more selected classifications. With the approval of the Owner, the Management Company shall institute and implement any changes or recommendations so approved.

Section 4.4 Owner's Rights. The Owner shall have the right to demand by written notice delivered to the Management Company that any employee working at the Center be terminated, but only if the termination is reasonably and legally supportable in the opinion of the Management Company as a termination for cause. Otherwise, the termination of an employee at the insistence of the Owner shall only be completed upon the Owner's agreement to indemnify the Management Company with respect to any liability for such termination, and such indemnity shall be in a form and under terms satisfactory to the Management Company.

ARTICLE V
MANAGEMENT FEES/REIMBURSEMENT

Section 5.1 **Compensation of the Management Company.** As compensation for its services under this Agreement, the Owner shall pay to the Management Company a fee calculated as described in Schedule A attached hereto and made a part hereof by this reference.

Section 5.2 **Expense Reimbursement.** All obligations or expenses incurred by the Management Company in performing its services under this Agreement shall be reimbursable by the Owner, including, without limitation, the salaries and benefits of employees of the Management Company who are necessary for the proper operation and maintenance of the Center as contemplated by Article IV hereof whether or not onsite at the Center, reasonable out-of-pocket expenses in connection with travel, lodging and meals, legal fees, accounting and other professional fees incurred on behalf of the Owner, and other direct expenses incurred on behalf of the Owner.

Section 5.3 **Unpaid Fees and Expenses.** Any unpaid fees and reimbursable expenses shall accrue interest at the lesser of one percent (1%) per month, or part thereof, or the highest rate permitted by applicable law.

ARTICLE VI
INDEPENDENT CONTRACTOR STATUS

The Owner and the Management Company agree that the Management Company's services under this Agreement are provided on an independent contractor basis. All services to be rendered by the Management Company hereunder shall be subject to the control of the Owner, which shall have the final authority on all matters relating to the Center's operations.

ARTICLE VII
TERM AND TERMINATION

Section 7.1 **Term.** This Agreement shall commence on the "Effective Date," as defined in Schedule A attached hereto and made a part hereof by this reference, and shall continue until the end of the term as specified in Schedule A (such period shall be referred to herein as the "Stated Term").

Section 7.2 **Termination for Cause.** This Agreement shall terminate prior to the end of the Stated Term at the election of the nondefaulting party upon the delivery by the nondefaulting party of written notice of termination based on the occurrence of an "Event of Default" under Paragraph 7.3 below (which notice of termination shall be delivered after and only after the expiration of the ninety (90) day cure periods referenced below).

Section 7.3 Events of Default.

(a) With respect to the Management Company an Event of Default under this Agreement shall occur:

(i) if the Management Company shall fail to keep, observe, or perform any material term of this Agreement and such breach remains unremedied for a continuous unabated period of ninety (90) days after receipt of written notice from the Owner stating in detail the specific alleged default, provided that if the alleged default is of a nature which cannot be cured within ninety (90) days, or such cure is delayed due in whole or in part to failure of a third party (such as a governmental agency) to act within such period, and the Management Company has promptly commenced the cure of such alleged default and is diligently pursuing that cure, the Management Company shall be entitled to an additional reasonable period of time in which to effect such cure. Upon such cure being effected, the Owner's rights to terminate for such alleged breach shall cease and this Agreement shall continue in full force and effect; or

(ii) if the Management Company shall apply for consent to the appointment of a receiver, trustee, or liquidator of the Management Company or of all or a substantial part of its assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law, or if a final order, judgment, or decree shall be entered by a court of competent jurisdiction, on the application of a creditor, adjudicating the Management Company a bankrupt or insolvent or approving a petition seeking reorganization of the Management Company or appointing a receiver, trustee, or liquidator of the Management Company, or all or a substantial part of its assets.

(b) With respect to the Owner an Event of Default under this Agreement shall occur:

(i) if the Owner shall fail to keep, observe, or perform any material term of this Agreement and such breach remains unremedied for a continuous unabated period of ninety (90) days (ten (10) days in the case of the failure of the Owner to pay any sums of money due under this Agreement) after written notice to the Owner from the Management Company stating in detail the specific alleged default provided if the alleged default

is of a nature which cannot be cured within ninety (90) days (ten (10) days in the case of the failure of the Owner to pay any sums of money due under this Agreement), or such cure is delayed due in whole or in part to failure of a third party (such as a governmental agency) to act within such period, and the Owner has promptly commenced the cure of such alleged default and is diligently pursuing the cure, the Owner shall be entitled to an additional reasonable period of time in which to effect such cure (not to exceed five (5) days in the case of the failure of the Owner to pay any sums of money due under this Agreement). Upon such cure being effected, the Management Company's rights to terminate for such alleged breach shall cease and this Agreement shall continue in full force and effect; or

(ii) if the Owner shall apply for or consent to the appointment of a receiver, trustee, or liquidator of the Owner or the Center or all or a substantial part of the Owner's assets, file a voluntary petition in bankruptcy, make a general assignment for the benefit of creditors, file a petition or an answer seeking reorganization or arrangement with creditors to take advantage of any insolvency law, or is a final order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Owner a bankrupt or insolvent or approving a petition seeking reorganization of the Owner or appointing a receiver, trustee, or liquidator of the Owner of the Center or all or a substantial part of the Owner's assets.

Section 7.4 Remedies Upon Termination. Upon termination of this Agreement under Section 7.3 above, the Management Company shall remove from the Center all property of the Management Company, and neither party shall have any further obligations under this Agreement except pursuant to Section 7.6 and Article VIII of this Agreement. The Management Company shall be entitled to receive payment of all amounts unpaid but earned up to the date of termination, which payment shall be due on the date on which the Management Company vacates the Center's premises and relinquishes to the Owner sole possession of any and all property of the Owner, including financial records and other documents necessary for operation of the Center.

Section 7.5 Property Due on Termination. On the termination of this Agreement, the other party shall immediately deliver or cause its employees or agents to deliver in good condition all property in its possession which belongs to the first party, ordinary wear and tear and damage by any cause beyond the reasonable control of either party excepted.

Section 7.6 Additional Remedies. In the event of a termination under Section 7.3 hereof, the non-defaulting party hereunder shall be entitled to pursue all remedies, at law and/or equity, including its costs and attorneys fees.

ARTICLE VIII
MANAGEMENT COMPANY CONFIDENTIAL INFORMATION

For purposes of this Agreement, the term "Management Company Confidential Information" shall include the following: (a) all documents and other materials, including but not limited to, all memoranda, clinical manuals, handbooks, production books, educational material and audio or visual recordings, provided by the Management Company which contain information relating to the operation of the Center by the Management Company (excluding written materials distributed to patients in the operation of the Center as promotion for the Center), (b) all methods, techniques and procedures utilized in providing services to patients in the Center not readily available through sources in the public domain, and (c) all trademarks, trade names, service marks, or protected software of the Management Company and their related data files.

The Owner acknowledges and agrees that the Management Company Confidential Information is owned by the Management Company and has been disclosed to the Owner in confidence and with the understanding that it constitutes valuable business information developed by the Management Company at great expenditure of time, effort and money. The Owner agrees that it shall not, without the express written consent of the Management Company, use the Management Company Confidential Information for any purpose other than the performance of the Management Company's duties under this Agreement nor allow anyone access to such except on a need to know basis. The Owner further agrees to keep strictly confidential and hold in trust all Management Company Confidential Information and not disclose or reveal such information to any third party without the express prior consent of the Management Company.

If the Owner or any of its representatives or agents are requested by a person or entity to disclose the Management Company Confidential Information in any legal, quasi-legal or administrative proceeding, the Owner shall promptly notify the Management Company of such request so that the Management Company may take, at its expense, such steps necessary to protect the Management Company Confidential Information. If the Owner is thereafter required to disclose the Management Company Confidential Information to the person or entity compelling such disclosure, only the part of such Management Company Confidential Information as is required by law to be disclosed shall be disclosed.

Upon termination of this Agreement by either party for any reason whatsoever, the Owner shall forthwith return to the Management Company all materials constituting or containing Management Company Confidential Information and the Owner shall not thereafter use, appropriate, or reproduce such information or disclose such information to any third party.

The Management Company shall have the right to use the Management Company Confidential Information and any technical or business expertise obtained during the

course of its engagement hereunder and after the course of such engagement in connection with its management of other facilities, including, without limitation, other surgery centers.

ARTICLE IX **COMPLIANCE PROGRAM**

The Owner acknowledges that the Management Company has implemented or may implement a compliance program for its employed staff, and the Owner agrees, and will require its medical staff, to refrain from any activities that could in any way cause the Management Company's staff to act in any manner that is inconsistent with such compliance program. Specifically, but without limitation, the Owner agrees to abide by Medicare and Medicaid billing and coding requirements, including proper documentation of services. The Owner will at all times cooperate with and assist the Management Company's staff in submitting complete and proper bills on behalf of the Owner. The Management Company may, but is not obligated to, recommend from time to time that the Owner take certain actions that the Management Company deems necessary to comply with applicable laws and regulations, and the Owner will promptly cooperate with the Management Company in determining whether such actions are appropriate and necessary. The Management Company may terminate this Agreement in accordance with Article VII upon its reasonable determination that the Owner's failure to take the recommended action could cause the Management Company to be in violation of its compliance program or in violation of applicable laws or regulations. Furthermore, the Management Company shall not be deemed in breach of this Agreement if it prohibits its staff from taking any actions that it reasonably deems to be in violation of its compliance program or in violation of applicable laws or regulations.

ARTICLE X **MISCELLANEOUS**

Section 10.1 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the Management Company may assign this Agreement to a company controlling, controlled by, or under common control with the Management Company and may assign this Agreement in connection with the merger or consolidation of the Management Company or the sale of all or substantially all of the assets of the Management Company, without seeking the consent of the Owner. Any attempted assignment in violation of this section shall be null and void and of no force or effect.

Section 10.2 Indemnification. The Owner shall protect, indemnify, and save the Management Company and the directors, officers, shareholders, employees and agents of the Management Company harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the operation of the Center, except to the extent such liability resulted from the gross negligence or willful misconduct of the Management Company in the management of the Center. The Management Company shall protect, indemnify, and save the Owner, and the directors, officers, shareholders, partners, employees and agents

of the Owner harmless from and against any and all liability and expense of any kind, arising from injuries or damages to persons or property in connection with the operation of the Center as a result of the gross negligence or willful misconduct of the Management Company in the management of the Center. The provisions of this Section 10.2 shall survive any termination or expiration of this Agreement.

Section 10.3 Compliance with Applicable Law.

This Agreement shall be construed to be in accordance with any and all federal and state laws, including laws relating to Medicare, Medicaid, and other third party payers. If the event there is a change in such laws, whether by statute, regulation, agency or judicial decisions or interpretation, that has any material effect on any term of this Agreement, or in the event that counsel to one party determines that any term of this Agreement poses a risk of violating such laws, then the applicable term(s) of this Agreement shall be subject to renegotiation and either party may request renegotiation of the affected term or terms of this Agreement, upon written notice to the other party, to remedy such condition. In the interim, the parties shall perform their obligations hereunder in full compliance with applicable laws.

The parties expressly recognize that upon request for renegotiation, each party has a duty and obligation to the other only to renegotiate the affected term(s) in good faith and, further, the parties expressly agree that their consent to proposals submitted by the other party during renegotiation efforts shall not be unreasonable withheld.

Should the parties be unable to renegotiate the term or terms so affected so as to bring it or them into compliance with the statute, regulation or judicial opinion or interpretation that rendered it or them unlawful or unenforceable within thirty (30) days of the date on which notice of a desired renegotiation is given, then either party shall be entitled, after expiration of said thirty (30) day period, to terminate this Agreement upon sixty (60) additional days written notice to the other party.

Section 10.4 Access to Books and Records.

(a) This Agreement.

If it shall be determined or asserted that this Agreement is a contract between a provider and a subcontractor within the meaning of Section 1861(v)(1)(I) of the Social Security Act or any rules, regulation, or judicial or administrative interpretations or decisions promulgated or made pursuant to that Section, then the Management Company and the Owner hereby agree that: (i) until the expiration of four (4) years after the furnishing of any service pursuant to this Agreement, each shall make available, upon written request of the Secretary of the Department of Health and Human Services (the "Secretary"), or upon written request of the Comptroller General, or any of their duly authorized representatives, this Agreement and any books, documents, and records that are necessary to certify the nature and extent of the costs incurred by the Owner or the

Management Company with respect to this Agreement and the services provided pursuant to it, and (ii) if either the Management Company or the Owner carries out any of the duties of this Agreement through a subcontract with a value or cost of \$10,000 or more over a twelve (12) month period with a related organization, that subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of any services pursuant to the subcontract, the related organization shall make available, upon written request of the Secretary, or upon request of the Comptroller General, or any of their duly authorized representatives, the subcontract, and any books, documents, and records of such organization as are necessary to verify the nature and extent of the costs incurred with respect to the subcontract and the services provided pursuant to it. This Agreement shall be automatically and retroactively amended, without the necessity of any action by the parties to it, to include the terms of any rules, regulations, or judicial or administrative interpretations or decisions promulgated or made under Section 1861(v)(1)(I) of the Social Security Act, to the extent that the terms of such rules, regulations, interpretations or decision differ from the provisions of this Section 8.4. Such automatic and retroactive amendment shall be deemed to have become effective on the effective date of the amendment.

(b) Subcontracts.

If it shall be determined or asserted that any contract which the Management Company enters into for and on behalf of the Owner pursuant to the Management Company's duties under this Agreement is a contract between a provider and a subcontractor within the meaning of Section 1861(v)(1)(I) of the Social Security Act or any rules, regulations, or judicial or administrative interpretations or decisions promulgated or made pursuant to that Section, then the Management Company shall cause to be included in each such contract provisions which require that: (i) until the expiration of four (4) years after the furnishing of any service pursuant to that contract, the contractor shall make available, upon written request of the Secretary of the Department of Health and Human Services (the "Secretary") or upon written request of the Comptroller General, or any of their duly authorized representatives, that contract and any books, documents, and records of the subcontractor that are necessary to certify the nature and extent of the costs incurred by the Owner or the subcontractor with respect to that subcontract and the services provided under it, and (ii) if either the Owner or the contractor carries out any of the duties of the contract through a subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of any services pursuant to the subcontract, the related organization shall make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract and any books, documents, and records of such organization that are necessary to verify the nature and extent of the costs incurred with respect to the subcontract and the services provided pursuant to it. The Management Company shall further require that such contract or subcontract be automatically and retroactively amended, without the necessity of any action by the parties thereto, to include the terms of any rules, regulations, or judicial or administrative interpretations or decision promulgated or made under Section 1861(v)(1)(I) of the Social Security Act, to the extent that the terms of such rules, regulations, interpretations or decision differ from the terms of the contract or subcontract, and that such automatic and retroactive amendment shall be deemed to have become effective on the effective date of the amendment.

Section 10.5 Notices. Any notice or other communication by the Management Company and the Owner to each other shall be in writing and shall be given, and be deemed to have been given, if either delivered personally or mailed, postage prepaid, registered or certified mail and addressed to the addresses set forth on Schedule A attached hereto and made a part hereof by this reference, or to such other address, and to the attention of such other person or officer, as either the Management Company or the Owner may designate in writing.

Section 10.6 Entire Agreement; Modification and Change. This Agreement contains the entire agreement between the Management Company and the Owner as to the matters dealt with in this Agreement and supersedes any and all prior agreements, arrangements, or understandings between the Management Company and the Owner relating to such matters. This Agreement, and any provision or time period specified in this Agreement, cannot be changed or modified except by another agreement in writing executed by both the Management Company and the Owner.

Section 10.7 Headings. The headings contained in this Agreement are for convenience of reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement.

Section 10.8 Severability. If any provision of this Agreement or its application to any person or circumstance shall be invalid or unenforceable to any extent, that remainder of this Agreement and application of its provisions to other persons or circumstances shall not be affected and shall be enforced to the greatest extent permitted by law.

Section 10.9 Governing Law. This Agreement shall be deemed to have been made under, and shall be construed and interpreted in accordance with the laws of the State of Tennessee.

Section 10.10 Rights Cumulative; No Waiver. No right or remedy in this Agreement conferred upon or reserved to either the Management Company or the Owner is intended to be exclusive of any other right or remedy, and each right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement, or now or hereafter legally existing upon the occurrence of an event of default under this Agreement. The failure of either the Management Company or the Owner to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair the right or remedy or be construed as a waiver or other relinquishment of it with respect to subsequent defaults.

Section 10.11 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Management Company and the Owner have caused this Agreement to be executed and their respective seals to be affixed and attached by their duly authorized officers, as of the day and year first above written.

THE MANAGEMENT COMPANY:

SURGINET MANAGEMENT SERVICES,
INC.

By: Joseph C. Huth
Title: CEO

THE OWNER:

NEW RIVERGATE SURGERY CENTER,
L.P.

By: Surginet of Rivergate, Inc., its sole
general partner

By: Joseph C. Huth
Title: CEO

**SCHEDULE A
TO
SURGERY CENTER MANAGEMENT AGREEMENT**

Fees

For the period from the Effective Date of this Agreement through termination of this Agreement the fee payable to the Management Company for services rendered pursuant to this Agreement shall equal seven percent (7%) of the Adjusted Gross Revenue of the Center. Such fee shall be payable on a monthly basis. A partial month will be prorated based on a thirty (30) day period and the actual number of days elapsed. Such fee shall be payable on or before the tenth (10th) day of the following month.

"Adjusted Gross Revenue" shall mean all revenue accrued by the Center, less contractual allowances. If actual contractual allowances cannot be made on a monthly basis, the Management Company's fee shall be calculated using the Management Company's good faith estimates of such allowances. Within thirty (30) days after the close of the Center's books for each fiscal year, the Management Company shall calculate the actual amount of contractual allowances for the preceding fiscal year and adjust the amounts paid to it accordingly. In the event as a result of such adjustment the Owner owes the Management Company additional sums, such sums shall be paid within forty-five (45) days of the end of the Center's preceding fiscal year. In the event as a result of such adjustment the Management Company owes the Owner any sums, such sums shall be deducted from the next monthly installment of the Management Company's fee, if the term of this Agreement is continuing, or the Management Company shall pay to the Owner such sums within forty-five (45) days of the end of the Center's preceding fiscal year, if the term of this Agreement is not continuing.

The Management Company shall be paid an additional amount of \$1,000 per month as compensation for the preparation and delivery to the Owner of monthly, quarterly or annual financial statements and other accounting reports.

Term

The term of this Agreement shall commence on January 28, 2002 (the "Effective Date") and shall continue until the later of (a) January 28, 2012 (b) the date on which all loans, if any, made by the Management Company or any of its affiliates to the Owner have been repaid in full, or (c) the date on which all liability, if any, of the Management Company or any of its affiliates for any indebtedness or obligations of the Owner has been released in full (the "Initial Term"). The Agreement shall automatically renew for two additional terms of five (5) years each after the Initial Term, unless one party gives the other party at least one hundred eighty (180) days' written notice of termination before the expiration of the then current term. The Initial Term and all renewals thereof shall be referred to herein as the "Stated Term."

Notices

All notices to the parties shall be addressed as follows:

To the Management Company: Surginet Management Services, Inc.
30 Burton Hills Boulevard
Suite 450
Nashville, Tennessee 37215
Attn: President

To the Owner: New Rivergate Surgery Center, L.P.
647 Myatt Drive
Nashville, TN 37115

**AMENDMENT TO
SURGERY CENTER MANAGEMENT AGREEMENT**

THIS AMENDMENT to the Surgery Center Management Agreement is entered into as of the 1st day of January, 2004, by and between Northridge Surgery Center, L.P. (the "Center") and Surgis Management Services, Inc. (the "Management Company").

1. The Center and the Management Company are parties to a Surgery Center Management Agreement dated January 28, 2002 (the "Agreement") and desire to amend the Agreement.

2. Schedule A, Fees, of the Agreement is deleted in its entirety and replaced with the following:

Fees

Commencing January 1, 2004 through termination of this Agreement, the fee payable to the Management Company for services rendered pursuant to this Agreement shall equal the greater of (i) five percent (5%) of the Adjusted Net Revenue of the Center or (ii) \$12,500. Such fee shall be payable on a monthly basis. A partial month will be prorated based on a thirty (30) day period and the actual number of days elapsed. Such fee shall be payable on or before the tenth (10th) day of the following month.

"Adjusted Net Revenue" shall mean all revenue accrued by the Center, less contractual allowances. If actual contractual allowances cannot be made on a monthly basis, the Management Company's fee shall be calculated using the Management Company's good faith estimates of such allowances. Within thirty (30) days after the close of the Center's books for each fiscal year, the Management Company shall calculate the actual amount of contractual allowances for the preceding fiscal year and adjust the amounts paid to it accordingly. In the event as a result of such adjustment the Owner owes the Management Company additional sums, such sums shall be paid within forty five (45) days of the end of the Center's preceding fiscal year. In the event as a result of such adjustment the Management Company owes the Owner any sums, such sums shall be deducted from the next monthly installment of the Management Company's fee, if the term of this Agreement is continuing, or the Management Company shall pay to the Owner such sums within forty five (45) days of the end of the Center's preceding fiscal year, if the term of this Agreement is not continuing.

IN WITNESS WHEREOF, this Amendment is executed in duplicate as of the 1st day of January, 2004.

**Surgis Management Services, Inc.,
f/k/a Surginet Management Services, Inc.**
a Tennessee corporation

By: _____

Title: _____

**Northridge Surgery Center, L.P., f/k/a
New Rivergate Surgery Center, L.P.**
a Tennessee limited partnership

By: Surginet of Rivergate, Inc.

its general partner

By: _____

Title: _____

**AMENDMENT NUMBER 2 TO THE
SURGERY CENTER MANAGEMENT AGREEMENT OF
NORTHRIDGE SURGERY CENTER, L.P.**

This Amendment is made and entered into as of the 1st day of July, 2006 by and between Surgis Management Services, Inc., f/k/a Surginet Management Services, Inc., a Tennessee corporation (the "Management Company"), and Northridge Surgery Center, L.P., a Tennessee limited partnership (the "Owner").

WHEREAS, the Management Company and the Owner are parties to a Surgery Center Management Agreement, dated January 28, 2002, as amended on January 1, 2004 (collectively, the "Agreement"); and

WHEREAS, the Owner is currently indebted to the Management Company in an amount of approximately \$1.9 million (the "Indebtedness"); and

WHEREAS, the parties desire to amend certain provisions of the Agreement.

NOW, THEREFORE, for good and valuable consideration including the forgiveness of \$600,000 of the Indebtedness, the receipt and sufficiency of which are acknowledged, the Agreement is amended as follows:

1. Section 1.3 is amended by adding the following as new subsection (d):

"(d) Tax-Exempt Status. In providing its services hereunder, the Management Company shall cause the Center to be operated and managed in a manner that furthers the charitable purposes of Saint Thomas Health Services ("STHS"), a Tennessee not-for-profit corporation that is a member of the Owner's General Partner, and the charitable purposes of STHS' tax-exempt affiliates. Notwithstanding any contrary provision contained in this Agreement, the Management Company shall not engage in any activity which, under the governing documents of the Owner or the Owner's General Partner, requires the prior approval of the Governing Board of the Owner's General Partner, the members or a member of the Owner's General Partner, STHS or any other entity that controls STHS without first obtaining such approval."

2. Section 1.4 is amended by adding the following words at the end of the first sentence:

" , so long as such policies, directives and budgets do not, in the Management Company's reasonable judgment, jeopardize the quality of patient care provided at the Center or require the Management Company or the Owner to engage in any illegal or unethical acts, or acts which do not further the charitable purposes of STHS and its tax-exempt affiliates."

3. Section 4.1 is amended by deleting the third sentence and replacing it with the following:

"If such employees are employed by the Management Company, then the Owner shall be solely liable to such employees for their wages, compensation and benefits."

4. Section 7.3(a) is amended by adding the following proviso at the end of the first sentence of clause (i):

"provided further that STHS shall have the right, on behalf of the Owner, to provide the Management Company with written notice of an alleged default of the Management Company's obligations under Section 1.3(d) and to take all further actions on behalf of the Owner pursuant to this Agreement in connection with such alleged default."

5. Schedule A, Fees, of the Agreement is deleted in its entirety and replaced with the following:

"Fees

Commencing July 1, 2006 through June 30, 2011, the fee payable to the Management Company for services rendered pursuant to this Agreement shall equal seven percent (7%) of the Adjusted Net Revenue of the Center. Such fee shall be payable on a monthly basis on or before the tenth (10th) day of the following month.

Effective July 1, 2011 through the termination of this Agreement, the fee payable to the Management Company for services rendered pursuant to this Agreement shall equal six percent (6%) of the Adjusted Net Revenue of the Center. Such fee shall be payable on a monthly basis on or before the tenth (10th) day of the following month. A partial month will be prorated based on a thirty (30) day period and the actual number of days elapsed.

"Adjusted Net Revenue" shall mean all revenue accrued by the Center, less contractual allowances. If actual contractual allowances cannot be made on a monthly basis, the Management Company's fee shall be calculated using the Management Company's good faith estimates of such allowances. Within thirty (30) days after the close of the Center's books for each fiscal year, the Management Company shall calculate the actual amount of contractual allowances for the preceding fiscal year and adjust the amounts paid to it accordingly. In the event as a result of such adjustment the Owner owes the Management Company additional sums, such sums shall be paid within forty five (45) days of the end of the Center's preceding fiscal year. In the event as a result of such adjustment the Management Company owes the Owner any sums, such sums shall be deducted from the next monthly installment of the Management Company's fee, if the term of this Agreement is continuing, or the Management Company shall pay to the Owner such sums within forty five (45) days of the end of the Center's preceding fiscal year, if the term of this Agreement is not continuing."

6. Schedule A, Term, of the Agreement is deleted in its entirety and replaced with the following:

"Term

The term of this Agreement commenced on January 28, 2002 (the "Effective Date") and shall continue until the later of (a) the date on which the Management Company or one of its affiliates no longer holds a direct or indirect equity interest in Owner, (b) the date on which all loans, if any, made by the Management Company or any of its affiliates to the Owner have been repaid in full, or (c) the date on which all liability, if any, of the Management Company or any of its affiliates for any indebtedness or obligations of the Owner has been released in full (the "Stated Term")."


IN WITNESS WHEREOF, this Amendment is executed in duplicate as of the 1st day of July, 2006.

**Surgis Management Services, Inc.,
f/k/a Surginet Management Services, Inc.
a Tennessee corporation**

By: _____
Name: _____
Title: _____

**Northridge Surgery Center, L.P., f/k/a
New Rivergate Surgery Center, L.P.
a Tennessee limited partnership**

By: Surginet of Rivergate, Inc.
its general partner

By: 
John J. Wellik
Vice President, Secretary and Treasurer

Tab 4

TAB 4, Attachment Section A-6A

**Site Entitlement - Building
Site Entitlement - Land**

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "Agreement"), is made and entered into as of the 30th day of April __, 2018, by and between **Oman Gibson Associates LLC**, a Tennessee limited liability company (hereinafter referred to as "OGA") and **USP Tennessee, Inc.**, a Tennessee corporation (hereinafter referred to as "Client").

WITNESSETH:

WHEREAS, Client and OGA have identified land consisting of approximately 1.7 useable acres, as more particularly described on Exhibit A, which is attached hereto and incorporated herein by reference (the "Property") as a potential site for development of an outpatient surgery center for Client's benefit (together with Property, the "Project"); and

WHEREAS, Client desires to engage OGA to facilitate acquisition of the Property and development of the Project; and

WHEREAS, Client and OGA desire to enter into this Agreement to evidence their agreement as to OGA's participation in the Project as either (i) a fee developer of the Project pursuant to a mutually agreed upon Development Services Agreement (the "DSA"), or (ii) Client's landlord pursuant to a mutually agreed upon build-to-suit lease whereby OGA purchases the Property, obtains financing for the Project, and constructs the Project (the "Lease");

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. Property Purchase. OGA shall use commercially reasonable efforts to place the Property under contract upon terms and conditions that are acceptable to OGA and Client, including preparation and submission of a letter of intent and, if the letter of intent is accepted, a purchase contract which shall be assignable to Client without the consent of the seller (the "PSA"). OGA shall keep Client informed of the status of its acquisition efforts and, for so long as this Agreement is still in effect, not amend, modify or assign OGA's rights pursuant to the PSA without Client's prior written consent. During the inspection and due diligence period under the PSA, Client will determine whether Client desires to (i) purchase and own the Project on its own account (the "Purchase Option"), or (ii) direct that OGA cause one of its affiliates to purchase the Property, develop the Project, and lease the Project to Client pursuant to a mutually approved Lease (the "Lease Option").

2. Diligence and Pursuit Costs. During the due diligence period under the PSA, which due diligence period shall not be less than [75] days (the "Due Diligence Period"), OGA is authorized to expend or commit to expenditures up to the aggregate total amounts set forth in the Budget attached hereto as Exhibit B (the "Approved Budget"). If the purchase of the Property does not occur for reasons other than default by OGA, Client shall reimburse OGA for all such costs actually expended, not to exceed the gross amount set forth in the Approved Budget.

3. Client Development Election. Client shall make the decision whether to own or lease the Project not later than thirty (30) days prior to the end of the Due Diligence Period, and:

(a) If Client chooses the Purchase Option, OGA will assign the PSA to Client and will provide development management services to Client in accordance with a DSA that the parties shall execute concurrent with OGA's assignment of the PSA. In such case, Client shall reimburse OGA for any earnest money and deposits posted by OGA pursuant to the PSA, plus all diligence costs and documented out of pocket expenses not to exceed the amount set forth in the Approved Budget. All payments shall be made within thirty (30) days of Client's receipt of an invoice with reasonable backup but in any case not later than the date on which OGA assigns the PSA to Client. Pursuant to the DSA, OGA will receive compensation for its services in an amount equal to 4% of projected hard costs, but with an initial payment of \$20,000 being made to OGA upon Client closing of the Property, with the balance being payable in equal monthly progress payments thereafter during the construction period. If OGA receives a real estate brokerage fee on the land purchase the earned fee will be credited against the 4% fee. In addition, pursuant to the DSA, Client shall reimburse OGA for the following expenses actually incurred, payable within thirty (30) days after Client's receipt of an invoice together with reasonable backup:

- (i) Fees paid out of pocket;
- (ii) Handling, shipping and mailing of project related materials;
- (iii) Costs and overtime work requiring higher than regular rates if authorized in advance by Client; and
- (iv) Amounts paid or due to service providers engaged by OGA, if authorized in advance by Client.

(b) If Client chooses the Lease Option, Client and OGA will enter into a Lease not later than the expiration of the Due Diligence Period. Under the Lease Option, the annual base rent will be 8.25% of total actual project costs incurred by OGA, inclusive of a development fee of 4% of hard costs.

4. OGA Services. OGA shall provide customary land acquisition and pre-development services, including, but not limited to the following:

- (a) Preparing a budget for acquisition of the Property and development of the Project;
- (b) Recommending and, upon written approval by Client, coordinating Client's engagement of third party professionals who will perform diligence and pre-construction services such as, but not limited, environmental assessments, geotechnical testing, surveying, title examination, zoning and site planning;
- (c) Reviewing and making recommendations regarding due diligence reports prepared by third party professionals;

(d) Reviewing conceptual designs for the Project and recommend any changes that should be considered (provided that this Section 4(d) shall be deemed a Client Duty set forth in Section 5 below if the Lease Option is selected by Client);

(e) Advising on site issues and improvements, selection of materials, building systems and equipment (provided that this Section 4(d) shall be deemed a Client Duty set forth in Section 5 below if the Lease Option is selected by Client);

(f) Providing recommendations on construction feasibility, availability of materials and labor, time requirements for installation and construction and factors relating to cost, including cost of alternative designs and materials, preliminary budgets, construction financing and provide market analysis to establish criteria on which to base the development (provided that this Section 4(d) shall be deemed a Client Duty set forth in Section 5 below if the Lease Option is selected by Client);

(g) Producing income and expense projections and a pro forma to assist in Client's determination as to the viability of the Project;

(h) If requested by Client, assisting with locating and procuring financing for the Project;

(i) Preparing appropriate criteria for payment and cost control for the Project; and

(j) Scheduling and conducting pre-construction meetings at which contractors, architects, Client and OGA may discuss jointly any matters arising with respect to the Project.

5. Client Duties. Client shall take all reasonable actions that are necessary to facilitate the Project, including, but not limited to:

(a) Reviewing and, in Client's sole discretion, approving, budgets and plans for the Project;

(b) Providing full information regarding its requirements and expectations for the Project;

(c) Providing the necessary financial information in form satisfactory to various lenders to allow OGA to negotiate loans to finance the Project;

(d) Designating a representative who shall have authority to act for Client in making decisions relating to the Project as and when needed by OGA, including attending meetings with OGA and design professionals upon reasonable advance telephonic notice; and

(e) At Client's expense, engaging all architects, engineers, contractors, attorneys and other professionals whose services are required to undertake and complete the Project (provided that this Section 5(e) shall be deemed an OGA Service set forth in

Section 4 above if the Lease Option is selected by Client, provided, however, in such event the same shall be subject to Client's approval of the budget and terms of such engagement).

6. Cooperation. OGA and Client agree to cooperate and use their commercially reasonable efforts in the performance of their respective obligations and duties of each under this Agreement. The parties shall execute such other documents as may be reasonably necessary and desirable for the implementation and consummation of this Agreement after consultation with each other.

7. Termination. This Agreement may be terminated:

(a) By either party upon thirty (30) days' written notice should the other party breach any representation, warranty, covenant or other provision of this Agreement which breach is through no fault of the party initiating termination.

(b) By either party immediately upon written notice to the other party delivered prior to the expiration of the Due Diligence Period if such party deems the results of the diligence to be unacceptable or if the parties are unable to agree upon the terms of the Lease.

(c) Immediately, without any further action by either party, upon any termination or expiration of the PSA prior to closing of the transaction contemplated thereby.

In the event of termination of this Agreement for reasons other than breach of this Agreement by OGA, Client shall reimburse OGA for all reasonable, documented out of pocket expenses actually incurred by OGA in connection with the Project, not to exceed amounts shown the Approved Budget or otherwise approved in writing by Client. In addition, in the event of termination of this Agreement due to a breach by Client, OGA shall be paid a termination fee of \$10,000 in addition to the reimbursement of the expenses described above which termination fee shall be OGA's sole remedy.

8. No Guaranties or Warranties. OGA agrees to use its best efforts to complete land and project related diligence and planning for the Project. No guarantees and/or warranties, express or implied, are made by OGA.

9. Exclusivity. During the term of this Agreement, each party shall deal exclusively with the other party with regard to the purchase, development and/or leasing of the proposed Project.

10. Enforcement Costs. The prevailing party in any action commenced due to the breach of this Agreement shall be entitled to recover its costs, expenses and reasonable attorney's fees incurred in the enforcement of this Agreement.

11. Independent Contractor. OGA shall be an independent contractor in providing the services under this Agreement. OGA shall not have any authority to bind Client except as specifically directed by Client.

12. Assignment. This Agreement shall not be assignable by either party without the prior written consent of the other party, which consent may be granted or withheld in the sole and absolute discretion of the other party.

13. Notices. Any notices required or permitted herein shall be delivered by certified mail, postage prepaid, return-receipt requested; overnight courier service such as Federal Express or United Parcel Service; by email or by hand delivery, addressed as follows:

As to OGA:

Oman-Gibson Associates, LLC
2932 Foster Creighton Drive
Nashville, TN 37204
Attn: Thomas C. Gibson
E-mail: tgibson@oman-gibson.com

As to Client:

USP Tennessee, Inc.
c/o United Surgical Partners International, Inc.
15305 Dallas Parkway, Suite 1600
Dallas, TX 75001
Attn: Chief Legal Officer
Email: dapwalker@uspi.com

or to such other address as may be furnished in writing by either party to the other.

14. Miscellaneous. This Agreement constitutes the final, complete and entire agreement between the parties and no modification hereof shall be binding unless set forth in a written instrument signed by each party to this Agreement. TIME IS OF THE ESSENCE IN THE PERFORMANCE OF THIS AGREEMENT. When a date specified herein falls upon a Saturday or Sunday, or on a national holiday, the following Monday or the next business day following such holiday shall be used for the purposes of this Agreement. This Agreement has been negotiated at arm's length and each party has had sufficient opportunity to obtain advice of counsel. This Agreement shall be governed by the laws of the State of Tennessee, without regard to its conflicts of law rules. Accordingly, no rule of construction shall be applied so as to construe this Agreement against Seller solely because Seller's counsel prepared this Agreement.

15. Counterparts. This Agreement or any amendments hereto may be executed simultaneously in two or more identical counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Counterparts hereof and amendments hereto may be executed and delivered via email.

[Remainder of page intentionally left blank. Signatures appear on following page.]

EXHIBIT A

Site Description

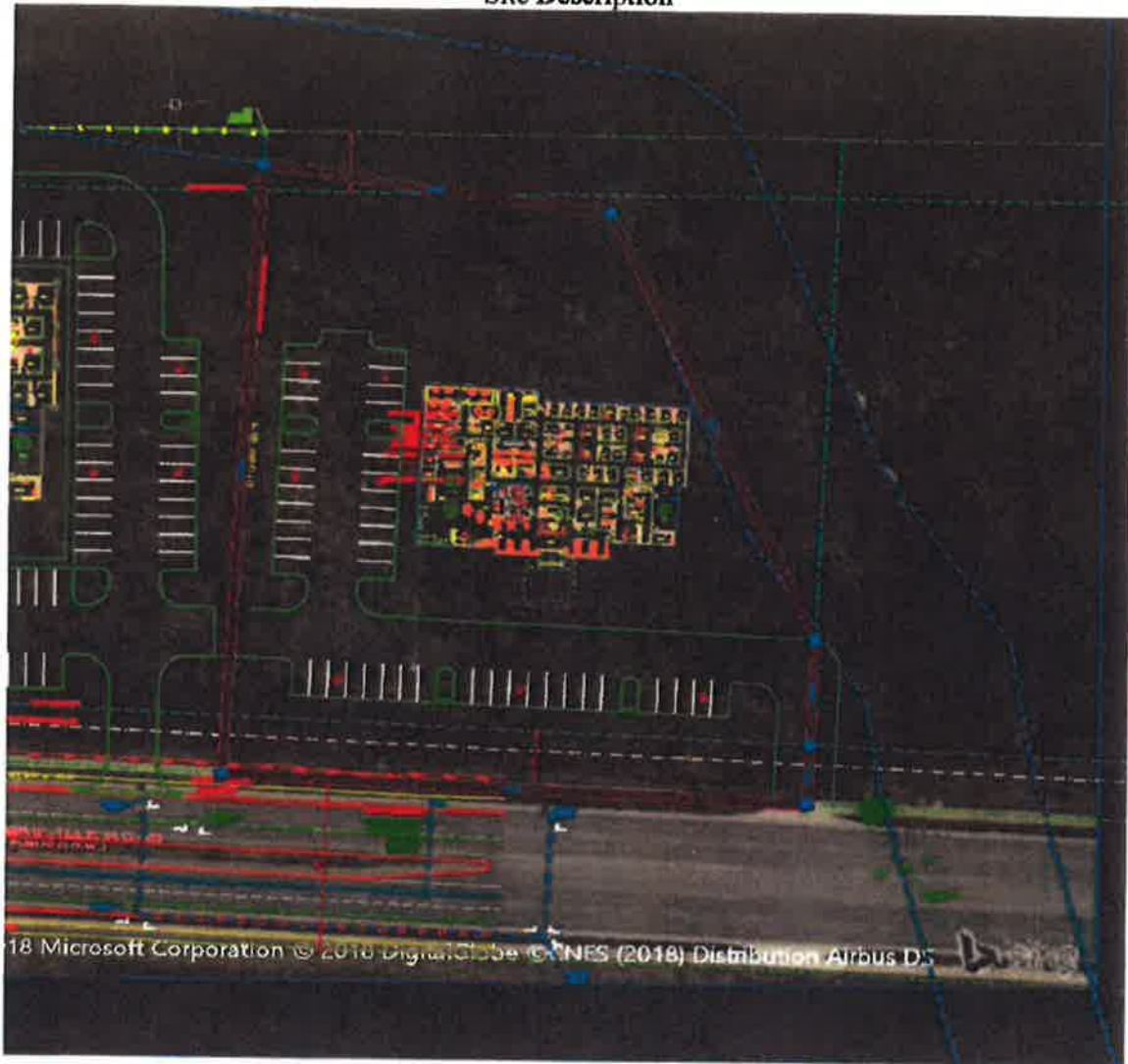



EXHIBIT F
Diligence Budget

1	Title Work	\$5,000.00
2	ALTA Survey w/ Topo	\$7,500.00
3	Phase I Environmental	\$3,500.00
4	Geotechnical Report	\$5,000.00
5	Concept Floor Plan & Elevations	\$10,000.00
6	Concept Site Plan	\$5,000.00
7	Preliminary Legal Fees	\$5,000.00
	Indian Lake Villiage Design Review	
8	Fees	\$2,000.00
9	Landscape Plan	\$3,500.00
10	Site Photometric Plan	\$2,500.00
TOTAL PHASE I COMMITMENT		<hr/> \$49,000.00

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and date first above written.

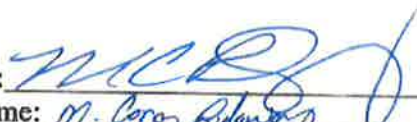
"OGA"

Oman Gibson Associates LLC

By: 
Name: Thomas G. Gibson
Title: PRESIDENT

"CLIENT"

USP Tennessee, Inc.

By: 
Name: M. Corey Ridgeway
Title: VP

May 8, 2018



John Smiley
Lawrence Group
1201 Demonbreun St. Suite 1460
Nashville, TN 37203

RE: Non-Binding Letter of Intent — 1.87 ~~Useable~~ Acres + or - Undeveloped Tract Saundersville Road in Hendersonville TN (the "Property")

Dear Mr Smiley:

This letter is intended to further discussions regarding certain business points of a potential purchase and sale transaction for the Property referenced herein as follows.
The following summarizes the basic terms that will be included in the Contract to be prepared by the Buyer's counsel after your acceptance of this letter.

Parties: Seller: Lawrence Group Holdings
Attn: John Smiley
1201 Demonbreun St.
Suite 1460
Nashville, TN 37203

Buyer: OGA ACQUISITIONS, LLC
Attn: Bond E. Oman
2932 Foster Creighton Drive
Nashville TN 37204

Property: That vacant tract of land, described as ~~± 1.87~~ acres of land which is a part of a larger tract 17.805 acre tract of the First re-subdivision of Indian Lake Village Phase 8-Section A Lot 41 located on Saundersville Road in Hendersonville, Sumner County, Tennessee. The site consists of approximately 1.87(±/-) acres of vacant land identified as Property on Exhibit A attached hereto to be verified by an ALTA survey and situated directly adjacent to the lot currently under contract to Buyer. The parcel must be modified to create a rectangular shape similar to the two parcels to the West (Exhibit A to be modified accordingly to reflect such change).

Purchase Price: Buyer agrees to purchase the Property for ~~Eight-Nine~~ Hundred Thirty Six Thousand Seven Hundred ~~Twenty-Fifty-Seven~~ and 00/100 Dollars (\$88,634,000.75 ~~2.50~~) or \$11.50/SF of raw land to be determined by ALTA Survey.

Deposit:

Twenty-five Thousand (\$25,000.00) deposited at the Title Company and applicable to the Purchase Price. This Deposit is to be refundable until the expiration of the Inspection Period and upon Seller's default ~~or the failure of any mutually agreed upon conditions to closing.~~

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Inspection Period:

Upon execution of the Contract, Buyer may perform reasonable studies on the Property at Buyer's expense including property condition assessments, geotechnical investigation, environmental studies, and all other studies deemed necessary by Buyer. Buyer must have sufficient liability insurance in effect to perform inspection activities on site. Buyer may meet with the appropriate City/County officials to discuss the Property. The Inspection Period shall commence on the date that the last party executes the Contract and shall expire in one hundred twenty ~~(180)~~ days thereafter. Buyer may terminate the Contract at any time during the Inspection Period ~~or any extension thereof~~ by providing written notice to Seller and Buyer. Note storm water discharge approval to the creek requires TDEC and USACE approval that is estimated to take 6 months.

Extension of Inspection Period:

Seller hereby agrees that Buyer shall have the right to extend the Inspection Period by ~~two (2) thirty-day~~ ~~(30)~~ day periods by issuing written notice to Seller prior to expiration of the Inspection Period. Should Buyer elect to extend the Inspection Period, an amount equaling ~~Twenty five~~ Thousand Dollars (\$25,000.00) shall be paid to the Escrow Agent by Buyer as Additional Deposit. At this point, both Earnest Money and The Additional Deposit shall be applicable to the Purchase Price but shall be non-refundable when paid, except upon Seller's default ~~or the failure of any mutually agreed upon conditions to closing.~~

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Closing Date:

On or before fifteen (15) days after the expiration of the Inspection Period. ~~Closing of a contract on this parcel shall be contingent upon the successful closure of the contract between Lawrence H. Holdings, LLC, James A. Campbell and Bruce G. Davis (Collectively the "Seller") and OGA Acquisitions, LLC dated 10/31/17 for approximately 2.9 (±) acres of unimproved land, being a portion of the 17.605 acre tract (Tax Parcel No. 145-044-02-000) shown on the plat titled "First Re-Subdivision of Indian Lake Village Phase 8 Section A Lot 41" recorded in Plat Book 28, Page 323 of the Sumner County Register of Deeds Office, being located on Saundersville Road in Hendersonville, Sumner County, Tennessee, owned by Seller and located thereon, and all easements and appurtenances thereto and Seller's right, title and interest in and to adjacent rights of way (collectively, the "Property").~~

Closing Costs:

Buyer will pay for costs associated with any updated survey, transfer costs for the deed, document stamps, filing fees, recording costs, endorsements to the Title Policy, and mortgage and/or a mortgage tax. Seller will pay for property taxes pro-rated to Closing Date, title search and exam, an ALTA Title Policy with extended coverage, and broker commissions. ~~At closing, Seller will provide up to \$5,000 allowance to be applied to resolution of blue line status.~~

Survey and Documents:

Seller, within seven (7) business days from full execution of the Contract, shall provide Buyer with documents in Seller's possession. The plat will be recorded after Inspection Period and any extension thereof.

Title Company:

If Seller pays for title, Seller will choose title company.

Confidentiality:

Buyer shall not discuss the terms of this Letter of Intent, the potential Contract, nor any

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other aspect of this proposed transaction now, or when under contract, except Buyer may disclose such information (i) potential Professional consultants and third party service providers, tenants, partners, investors, regulators, and lenders on the condition that they keep the information Confidential and (ii) if required by applicable law.

Cooperation:

Seller shall assist Buyer at Buyer's sole cost and expense, with the applicable entitlement approvals including but not limited to site plan and general project approval by the municipal agency having jurisdiction, if requested by Buyer; providing necessary information in Seller's possession as provided herein to municipality, Buyer, and Buyer's consultants. Seller agrees to execute, join in, acknowledge and deliver and/or cause to be executed, joined, acknowledged and delivered, within five (5) business days following request therefor from Buyer, such documents and applications as may be reasonably requested by Buyer in order to obtain any and all such approvals, provided however that Seller shall not be required to assist or execute any document or application which would be binding on Seller or the Property, if this transaction fails to close or where Seller would be responsible for any costs or obligations without adequate security from Buyer acceptable to Seller for such costs and obligations. ~~Further, Seller agrees to provide utilities to the site unless the utility providers require such installation for any/all remaining parcels and not just subject parcel.~~

Brokerage:

At the Closing, Seller will pay a commission equal to six percent (6%) of the Purchase Price, which commission shall be split equally between Seller's broker, Cornerstone Commercial Estate Services of TN, LLC dba Avison Young, and Buyer's broker, OGA Realty, LLC.

Upon receipt of Seller's signed counterpart of this letter, Seller shall engage its counsel to prepare a purchase and sale agreement consistent with this letter (the "PSA"). The PSA shall contain representations and warranties, covenants, conditions and other provisions that are typical for similar transactions in the greater Metropolitan Nashville area.

By acceptance of this letter, the Seller agrees to:

- (a) Negotiate in good faith the terms of the PSA consistent with this letter, the Deal, exclusively with the Buyer and negotiate in good faith the provisions of a purchase and sale agreement for the Property (the "Contract"), as more particularly described below and otherwise in form and substance acceptable to the Seller and the Buyer;
- (b) Allow the Buyer and its representatives access to the Property and access to the Seller's information and tests relating to the Property, during business hours upon reasonable advance notice;
- (c) ~~Remove the Property will remain on the market until such time as a contract has been fully agreed to and fully executed by both parties. At such time, Seller agrees to remove Property from the market and refrain from accepting other offers, executing any letter of intent or negotiating with other prospective purchasers of the Property or their representatives as long as this letter or the Contract is in effect; and~~
- (d) The Seller shall refrain from entering into any new leases or other agreement that might encumber the property or consent to the renewal or amendment of any existing leases without the Buyer's prior written consent.

Seller acknowledges that, despite the generally non-binding nature of this letter of intent, Seller's covenants in items (a) through (d) above shall be binding upon Seller.

This non-binding letter is valid until May 15, 2018 from the date above and may be withdrawn for any reason by either party until a formal purchase contract has been negotiated, agreed upon, and executed by both Seller and Buyer.

[Remainder of page intentionally left blank. Signatures appear on following page.]

Sincerely,

Thomas C. Gibson

OGA Realty, LLC

ACCEPTED, AGREED AND APPROVED:

Buyer: OGA ACQUISITIONS, LLC

By:

Name: Bond E. Oman

Date: 04/18/2018

5-9-2018

Seller: Lawrence Group Holdings

By:

Name:

Date:

Bruce B. Davis

Bruce Davis

5-9-18

Revised Boundary

Exhibit "A"



Tab 5

Attachment Section A-6B-1

Site Plan

A NEW FACILITY
FOR

USPI
NORTH
RIDGE
SURGERY
CENTER

SAUNDERSVILLE RD,
HENDERSONVILLE, TN
37075

CASSETTY

ARCHITECTURE



CASSETTY
ARCHITECTURE

901 West Main Street
Hendersonville, TN 37075
(615) 222-1111
FAX (615) 222-1111
www.casseyarchitecture.com

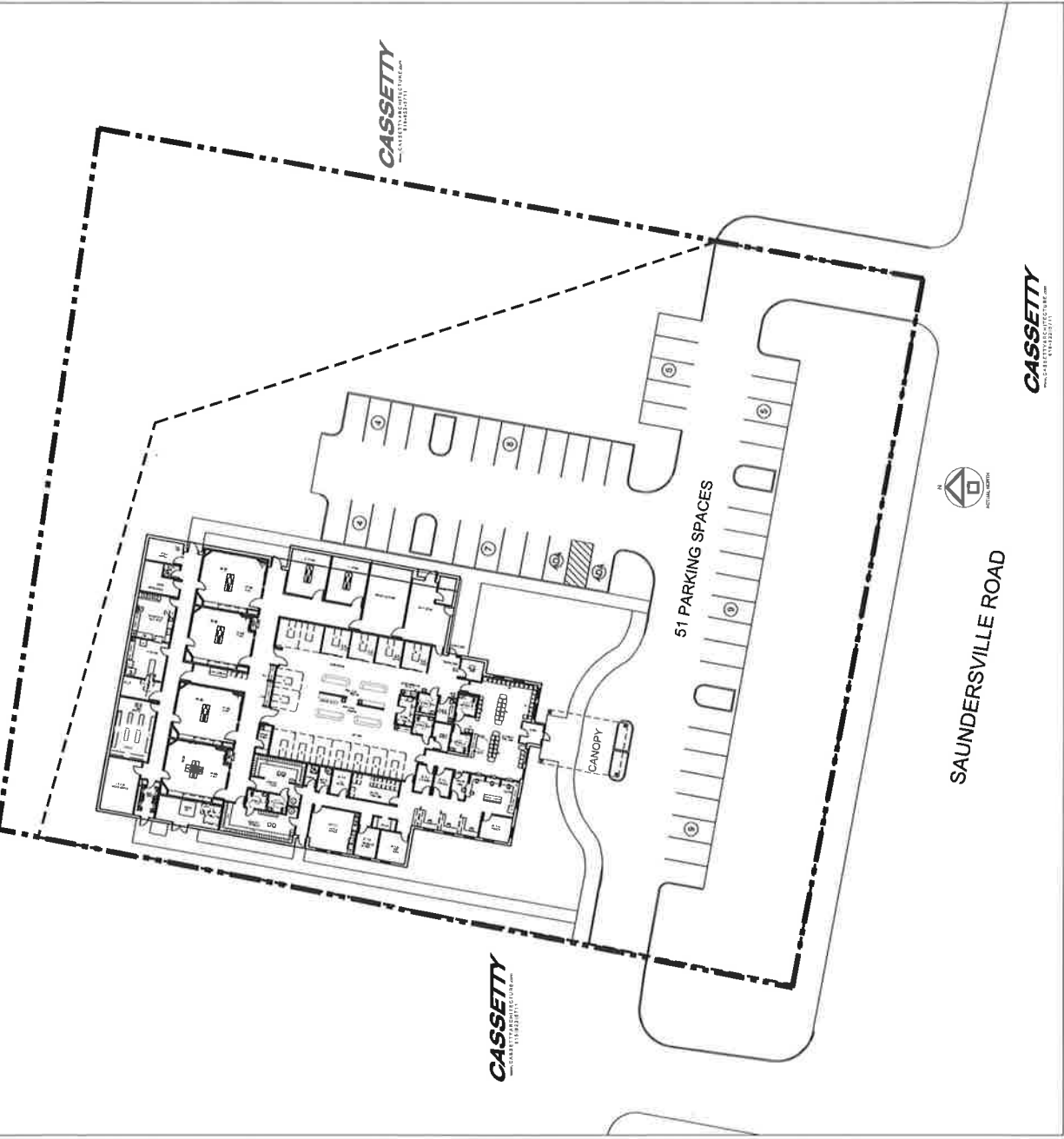
1000 South Main Street, Suite 100
Hendersonville, TN 37075
1000 South Main Street, Suite 100
Hendersonville, TN 37075
1000 South Main Street, Suite 100
Hendersonville, TN 37075

ORIG. ISSUE DATE:
4-30-2018

PROJECT NUMBER
1918

CASSETTY
ARCHITECTURE

www.casseyarchitecture.com



SAUNDERSVILLE ROAD

CASSETTY
ARCHITECTURE

www.casseyarchitecture.com

Tab 6

Attachment Section A-6B-2

Floor Plan

A NEW FACILITY
FOR
USPI
NORTH
RIDGE
SURGERY
CENTER
SAUNDERSVILLE RD.
HENDERSONVILLE, TN
37075

CASSETTY
ARCHITECTURE
ARCHITECTURE

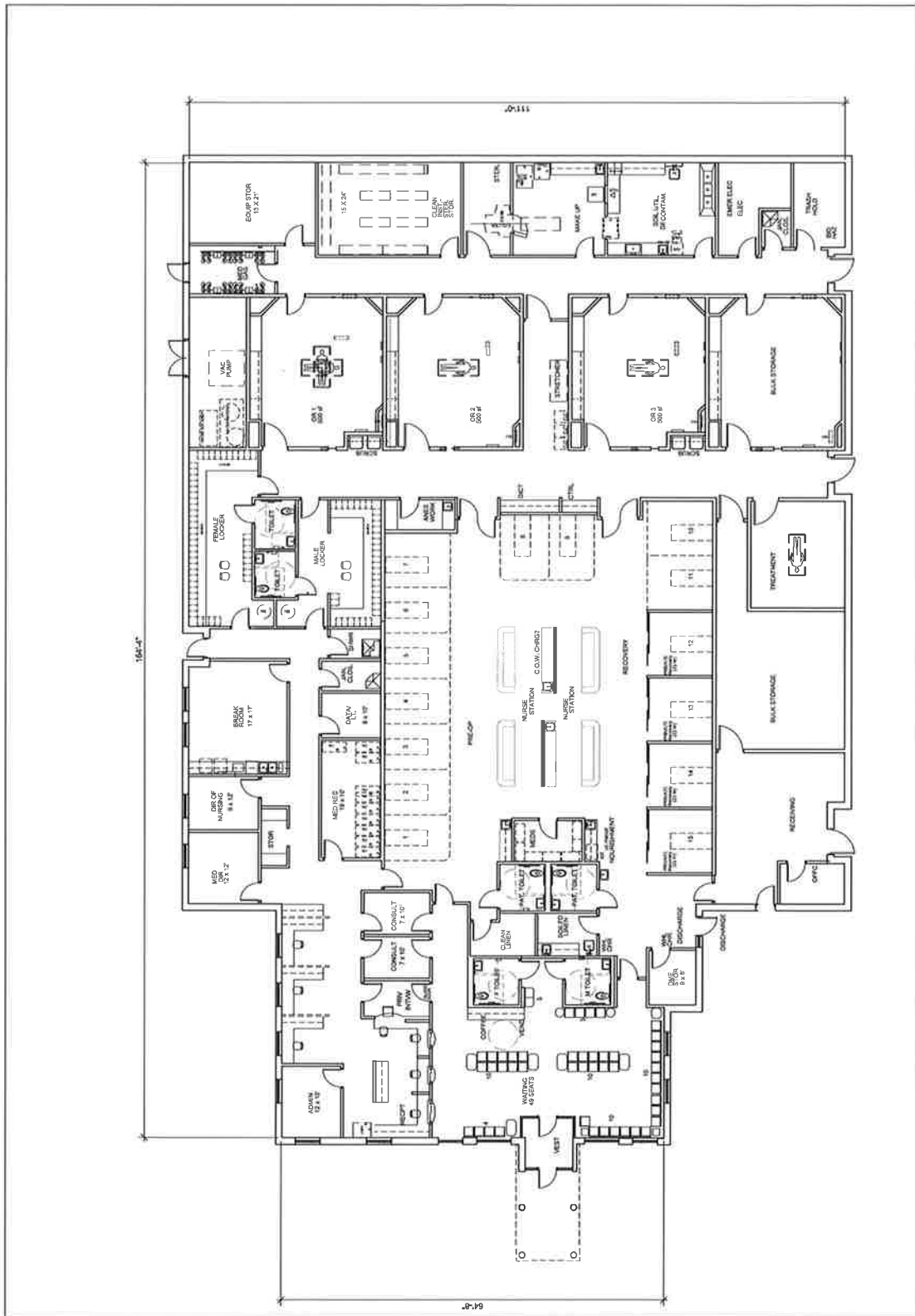


CASSETTY
ARCHITECTURE
1501 West Main Street
Hendersonville, TN 37075
(615) 822-5711
FAX 624-9689
www.casseyarchitecture.com

ORIG. ISSUE DATE:
4-30-2018

PROJECT NUMBER
1918

OVERALL
FIRST FLOOR
NOTED PLAN
A1.0



1 FLOOR PLAN 3 OR + 1 Treatment



Tab 7

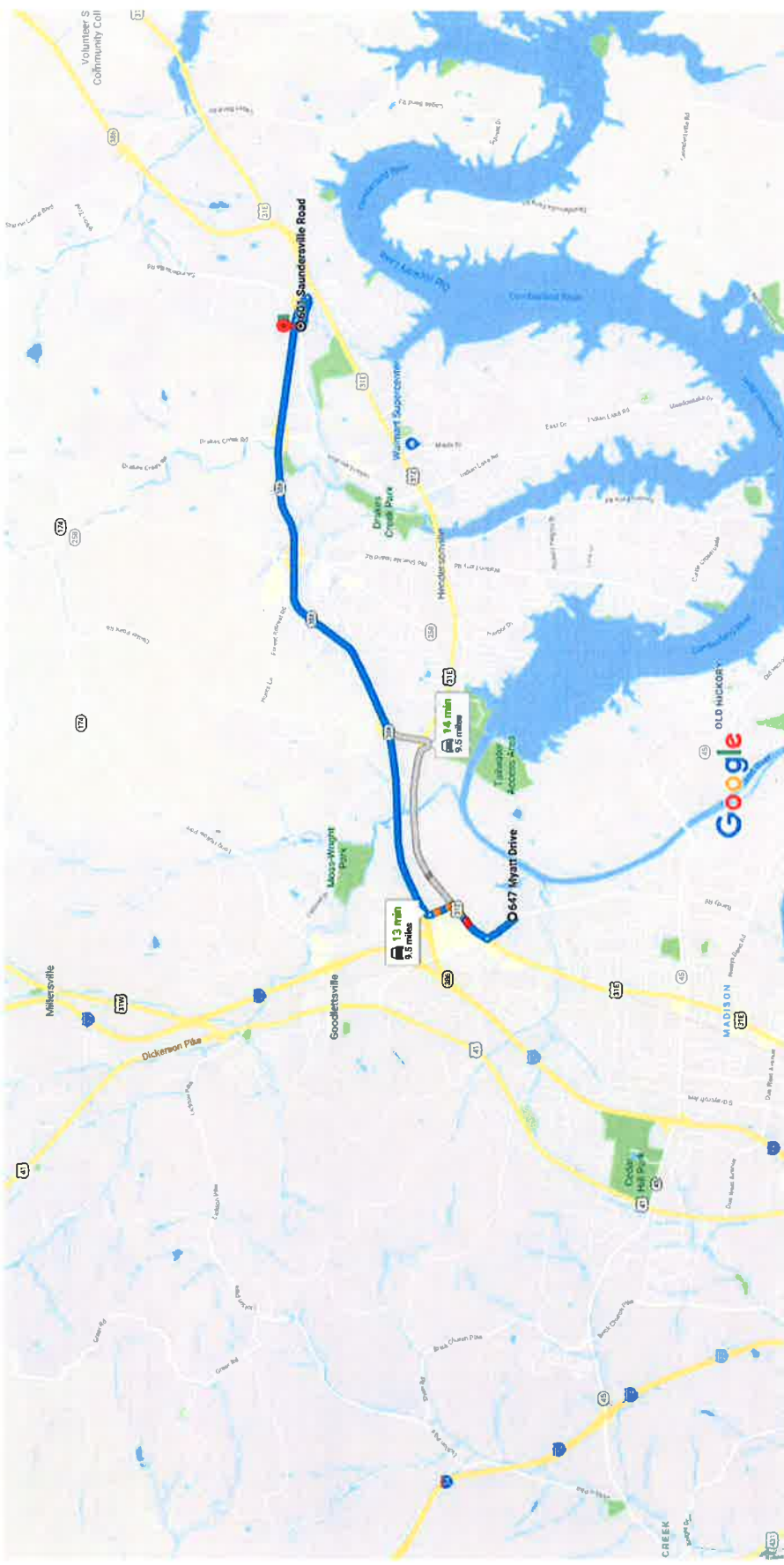
Attachment Section A-6B-3

Service Area Access



647 Myatt Dr, Madison, TN 37115 to 601 Saundersville Road, Hendersonville, TN Drive 9.5 miles, 13 min

Driving Distance to Proposed Site of Northridge Surgery Center



via TN-386 N

Fastest route, the usual traffic

13 min

9.5 miles

via US-31E N and TN-386 N

14 min
9.5 miles

Tab 8

Attachment Section A-12

Architect Cost Certification Letter



May 4, 2018

Mr. Erik Kraemer
USPI
20 Burton Hills Blvd. Suite 210
Nashville, TN 37203

Re: **Reasonability of Scope and Project Cost for New Surgery Center**
Shell, Site and Tenant Improvement
North Ridge ASC – Saundersville Rd., Hendersonville, TN
Architect's Project No. 1918

Dear Mr. Kraemer:

Please accept this letter as an opinion of likely project cost planned for the proposed center and general overall description of the project scope. Our intent with this letter is to address the submission to the state for Certificate of Need application.

PROJECT BUDGET:

Based on preliminary studies conducted for CON preparations the total project costs for the project are Construction \$6,847,500.00 (\$415/SF) and Architect/Engineering professional services fee of \$479,000.00.

Based on our firm's experience with projects of this size and type planned for the new ambulatory surgery center, and our data related to project construction cost for this geographic area, it is our opinion that the project construction cost and associated architect's/engineer's fees are reasonable and appropriate and will allow the owner to create a high-quality facility.

PROJECT DESCRIPTION - CODE COMPLIANCE:

The project for the surgery center will be housed in a new medical office building. 16,500 SF is planned for the surgery center, which will include three (3) operating rooms, and one (1) procedure room and ancillary support spaces.

The facility will be designed to meet local, state and federal standards and regulations, including the adopted edition of the FGI Guidelines for Design and Construction of Health Care Facilities.

Sincerely,

A handwritten signature in black ink, appearing to read "Clint Cassetty", is written over a faint, larger version of the same signature.

Cassetty Architecture PC
Clint Cassetty, President
TN Architect's License #00100605

copy: file – Agency

Section B

Tab 9 - Crime Statistics Map

Tab 10 - Northridge Top 30 ZIP codes map

Tab 11 - ASTC Provider Utilization

Tab 12 -

Tab 13 - Funding Letters

Tab 14 - Financial Assistance Policies

Tab 15 - Quality Management & Utilization Management

Tab 16 - License and Accreditation

Tab 17 - HSDA Letter of Intent

Tab 18 - Evidence of Publication

Tab 9

Attachment Section B-A1-2a

Crime Statistics Map



DRUGS/ALCOH

20171061503



Nashville Police

How close am

Tab 10

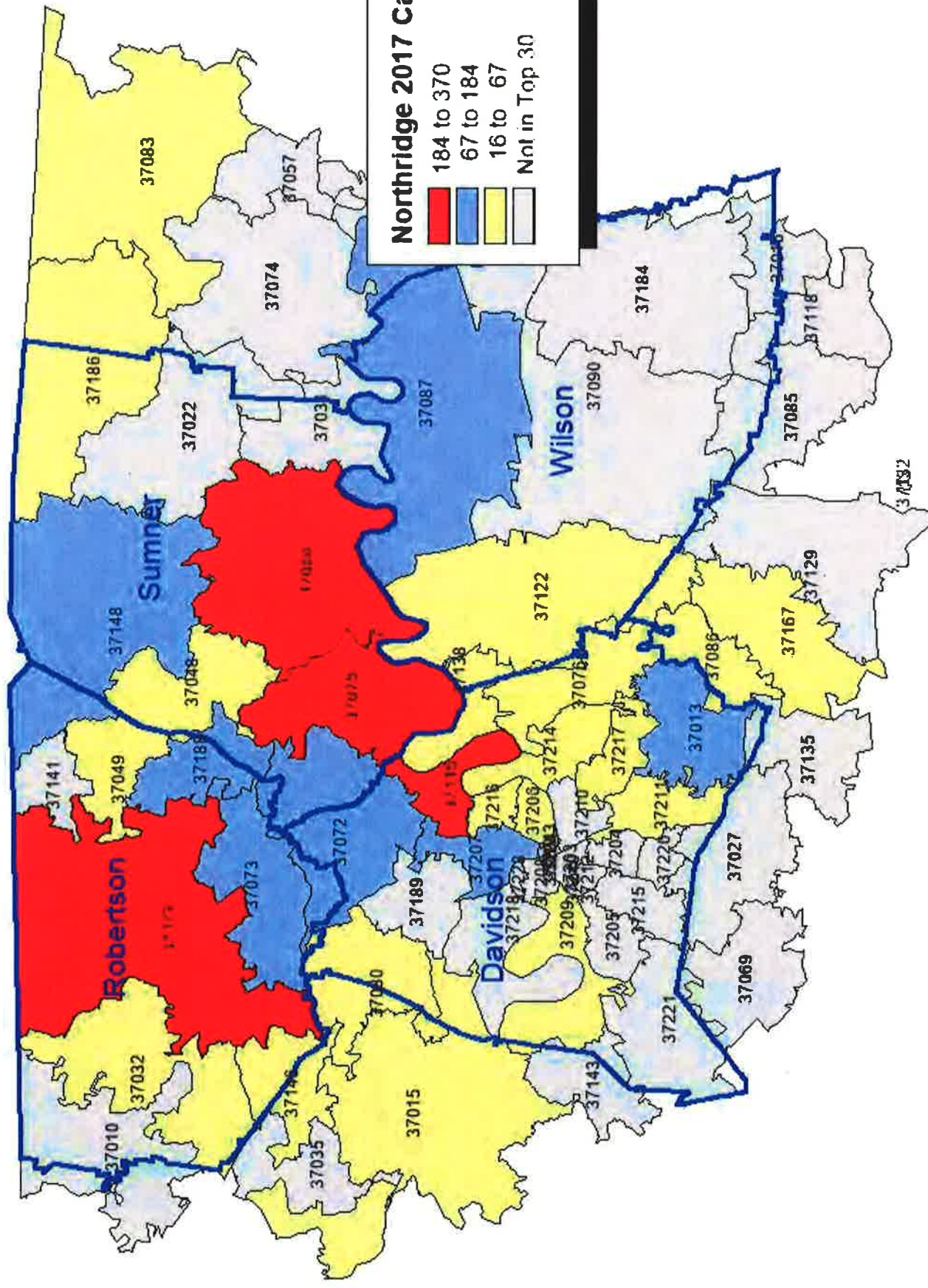
Attachment Section B-A1-2a

Northridge Top 30 ZIP Codes map

Northridge 2017 Cases

- 184 to 370
- 67 to 184
- 16 to 67
- Not in Top 30

Map labels include: Robertson, Sumner, Davidson, Wilson, and various census tract numbers such as 37010, 37032, 37035, 37049, 37141, 37148, 37186, 37022, 37048, 37072, 37073, 37080, 37083, 37074, 37057, 37087, 37184, 37090, 37085, 37118, 37013, 37086, 37167, 37129, 37135, 37027, 37069, 37143, 37201, 37202, 37203, 37204, 37205, 37206, 37207, 37208, 37209, 37210, 37211, 37212, 37213, 37214, 37215, 37216, 37217, 37218, 37219, 37220, 37221, 37222, 37223, 37224, 37225, 37226, 37227, 37228, 37229, 37230, 37231, 37232, 37233, 37234, 37235, 37236, 37237, 37238, 37239, 37240, 37241, 37242, 37243, 37244, 37245, 37246, 37247, 37248, 37249, 37250, 37251, 37252, 37253, 37254, 37255, 37256, 37257, 37258, 37259, 37260, 37261, 37262, 37263, 37264, 37265, 37266, 37267, 37268, 37269, 37270, 37271, 37272, 37273, 37274, 37275, 37276, 37277, 37278, 37279, 37280, 37281, 37282, 37283, 37284, 37285, 37286, 37287, 37288, 37289, 37290, 37291, 37292, 37293, 37294, 37295, 37296, 37297, 37298, 37299, 37300, 37301, 37302, 37303, 37304, 37305, 37306, 37307, 37308, 37309, 37310, 37311, 37312, 37313, 37314, 37315, 37316, 37317, 37318, 37319, 37320, 37321, 37322, 37323, 37324, 37325, 37326, 37327, 37328, 37329, 37330, 37331, 37332, 37333, 37334, 37335, 37336, 37337, 37338, 37339, 37340, 37341, 37342, 37343, 37344, 37345, 37346, 37347, 37348, 37349, 37350, 37351, 37352, 37353, 37354, 37355, 37356, 37357, 37358, 37359, 37360, 37361, 37362, 37363, 37364, 37365, 37366, 37367, 37368, 37369, 37370, 37371, 37372, 37373, 37374, 37375, 37376, 37377, 37378, 37379, 37380, 37381, 37382, 37383, 37384, 37385, 37386, 37387, 37388, 37389, 37390, 37391, 37392, 37393, 37394, 37395, 37396, 37397, 37398, 37399, 37400, 37401, 37402, 37403, 37404, 37405, 37406, 37407, 37408, 37409, 37410, 37411, 37412, 37413, 37414, 37415, 37416, 37417, 37418, 37419, 37420, 37421, 37422, 37423, 37424, 37425, 37426, 37427, 37428, 37429, 37430, 37431, 37432, 37433, 37434, 37435, 37436, 37437, 37438, 37439, 37440, 37441, 37442, 37443, 37444, 37445, 37446, 37447, 37448, 37449, 37450, 37451, 37452, 37453, 37454, 37455, 37456, 37457, 37458, 37459, 37460, 37461, 37462, 37463, 37464, 37465, 37466, 37467, 37468, 37469, 37470, 37471, 37472, 37473, 37474, 37475, 37476, 37477, 37478, 37479, 37480, 37481, 37482, 37483, 37484, 37485, 37486, 37487, 37488, 37489, 37490, 37491, 37492, 37493, 37494, 37495, 37496, 37497, 37498, 37499, 37500, 37501, 37502, 37503, 37504, 37505, 37506, 37507, 37508, 37509, 37510, 37511, 37512, 37513, 37514, 37515, 37516, 37517, 37518, 37519, 37520, 37521, 37522, 37523, 37524, 37525, 37526, 37527, 37528, 37529, 37530, 37531, 37532, 37533, 37534, 37535, 37536, 37537, 37538, 37539, 37540, 37541, 37542, 37543, 37544, 37545, 37546, 37547, 37548, 37549, 37550, 37551, 37552, 37553, 37554, 37555, 37556, 37557, 37558, 37559, 37560, 37561, 37562, 37563, 37564, 37565, 37566, 37567, 37568, 37569, 37570, 37571, 37572, 37573, 37574, 37575, 37576, 37577, 37578, 37579, 37580, 37581, 37582, 37583, 37584, 37585, 37586, 37587, 37588, 37589, 37590, 37591, 37592, 37593, 37594, 37595, 37596, 37597, 37598, 37599, 37600, 37601, 37602, 37603, 37604, 37605, 37606, 37607, 37608, 37609, 37610, 37611, 37612, 37613, 37614, 37615, 37616, 37617, 37618, 37619, 37620, 37621, 37622, 37623, 37624, 37625, 37626, 37627, 37628, 37629, 37630, 37631, 37632, 37633, 37634, 37635, 37636, 37637, 37638, 37639, 37640, 37641, 37642, 37643, 37644, 37645, 37646, 37647, 37648, 37649, 37650, 37651, 37652, 37653, 37654, 37655, 37656, 37657, 37658, 37659, 37660, 37661, 37662, 37663, 37664, 37665, 37666, 37667, 37668, 37669, 37670, 37671, 37672, 37673, 37674, 37675, 37676, 37677, 37678, 37679, 37680, 37681, 37682, 37683, 37684, 37685, 37686, 37687, 37688, 37689, 37690, 37691, 37692, 37693, 37694, 37695, 37696, 37697, 37698, 37699, 37700, 37701, 37702, 37703, 37704, 37705, 37706, 37707, 37708, 37709, 37710, 37711, 37712, 37713, 37714, 37715, 37716, 37717, 37718, 37719, 37720, 37721, 37722, 37723, 37724, 37725, 37726, 37727, 377



Tab 11

Attachment Section B-E
ASTC Provider Utilization

ASTC Providers Utilization, Based in Northridge Servc Area

County	Facility	Endo Only	2017 JAR Data			Encounters			Cases per OR Room		
			ORs	PRs	Total Rms	2015	2016	2017	2015	2016	2017
Davidson	American Endoscopy Center		1		1	557	505	538	557	505	538
Davidson	Associated Endoscopy Amb Surg Ctr	Y		6	6	5,453	5,593	5,541	909	932	924
Davidson	Baptist Ambulatory Surgery Center		6	1	7	7,552	7,610	7,803	1,079	1,087	1,115
Davidson	Baptist Plaza Surgicenter		10	1	11	8,237	8,769	8,069	749	797	734
Davidson	Centennial Surgery Center		6	2	8	7,038	7,531	7,583	880	941	948
Davidson	Delozier Surgery Center		1		1	457	449	534	457	449	534
Davidson	Digestive Disease Endoscopy Ctr	Y		4	4	6,620	6,059	6,826	1,655	1,515	1,707
Davidson	Eye Surgery Center - Middle TN		2		2	1,416	627	2,238	708	314	1,119
Davidson	Eye Surgery Center - Nashville		2		2	4,884	4,917	5,002	2,442	2,459	2,501
Davidson	Gurley Surgery Center	Y		3	3	246	180	162	82	60	54
Davidson	LVC Outpatient Surgery Center		2	1	3	3,376	2,550	2,992	1,125	850	997
Davidson	Mid-State Endoscopy Center	Y		2	2	7,621	2,755	2,784	3,811	1,378	1,392
Davidson	Nashville Endoscopy Center	Y		3	3	3,106	3,633	3,360	1,035	1,211	1,120
Davidson	Nashville Gastro Endosc Center	Y		3	3	2,750	2,853	2,783	917	951	928
Davidson	Nashville Vision Correction Center	Y		1	1	195	173	145	195	173	145
Davidson	NFC Surgery Center		1	1	2	498	942	982	249	471	491
Davidson	Northridge Surgery Center		5	1	6	2,304	2,484	2,820	384	414	470
Davidson	Oral Facial Surgery Center		3		3	2,587	2,664	2,756	862	888	919
Davidson	Planned Parenthood...	Y		2	2	2,575	888	1,086	1,288	444	543
Davidson	Premier Orthopedic Surgery Center		2		2	2,165	2,029	1,659	1,083	1,015	830
Davidson	Premier Radiology Pain Mgmt Ctr	Y		2	2	2,114	2,002	2,023	1,057	1,001	1,012
Davidson	Saint Thomas Campus Surgicenter		6	1	7	7,203	7,290	7,416	1,029	1,041	1,059
Davidson	Saint Thomas Outpt Neurosurgical Ctr		1	2	3	4,500	4,589	4,702	1,500	1,530	1,567
Davidson	Saint Thomas Medical Group	Y		2	2	3,505	3,363	3,788	1,753	1,682	1,894
Davidson	Southern Endoscopy Center	Y		3	3	3,356	3,154	2,182	1,119	1,051	727
Davidson	Summit Surgery Center		5	1	6	4,369	5,411	5,371	728	902	895
Davidson	Tennessee Pain Surgery Center		1	3	4	7,574	10,372	3,327	1,894	2,593	832
Davidson	The Center Asst' Reproductive Tech	Y		2	2	394	375	379	197	188	190
Davidson	Urology Surgery Center		3	3	6	6,090	5,971	5,910	1,015	995	985
Davidson	Wesley Ophthal Plastic Surg Ctr		2		2	1,235	1,257	1,284	618	629	642
Davidson Total			59	50	109	109,977	106,995	102,045	1,009	982	936
Sumner	Green Surgery Center		1	1	2	1,024	939	896	512	470	448
Sumner	Patient Partners		2	2	4	4,539	4,613	4,665	1,135	1,153	1,166
Sumner Total			3	3	6	5,563	5,552	5,561	927	925	927
Wilson	Lebanon Endoscopy Center	Y		2	2	1,931	2,163	2,015	966	1,082	1,008
Wilson	Providence Surgery Center		2	1	3	673	707	1,139	224	236	380
Wilson	Wilson County Eye Surgery Center		1	1	2	1,343	1,530	1,449	672	765	725
Wilson Total			3	4	7	3,947	4,400	4,603	564	629	658
Grand Total			65	57	122	119,487	116,947	112,209	979	959	920

ASTC Utilization in Northridge Service Area

Special Procedure Room -Only Providers Removed

<u>County</u>	<u>Facility</u>	2017 JAR Data			Encounters			Cases per OR Room		
		<u>ORs</u>	<u>PRs</u>	<u>Total Rms</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Davidson	American Endoscopy Center	1		1	557	505	538	557	505	538
Davidson	Baptist Ambulatory Surgery Center	6	1	7	7,552	7,610	7,803	1,079	1,087	1,115
Davidson	Baptist Plaza Surgicenter	10	1	11	8,237	8,769	8,069	749	797	734
Davidson	Centennial Surgery Center	6	2	8	7,038	7,531	7,583	880	941	948
Davidson	Delozier Surgery Center	1		1	457	449	534	457	449	534
Davidson	Eye Surgery Center - Middle TN	2		2	1,416	627	2,238	708	314	1,119
Davidson	Eye Surgery Center - Nashville	2		2	4,884	4,917	5,002	2,442	2,459	2,501
Davidson	LVC Outpatient Surgery Center	2	1	3	3,376	2,550	2,992	1,125	850	997
Davidson	NFC Surgery Center	1	1	2	498	942	982	249	471	491
Davidson	Northridge Surgery Center	5	1	6	2,304	2,484	2,820	384	414	470
Davidson	Oral Facial Surgery Center	3		3	2,587	2,664	2,756	862	888	919
Davidson	Premier Orthopedic Surgery Center	2		2	2,165	2,029	1,659	1,083	1,015	830
Davidson	Saint Thomas Campus Surgicenter	6	1	7	7,203	7,290	7,416	1,029	1,041	1,059
Davidson	Saint Thomas Outpt Neurosurgical Ctr	1	2	3	4,500	4,589	4,702	1,500	1,530	1,567
Davidson	Summit Surgery Center	5	1	6	4,369	5,411	5,371	728	902	895
Davidson	Tennessee Pain Surgery Center	1	3	4	7,574	10,372	3,327	1,894	2,593	832
Davidson	Urology Surgery Center	3	3	6	6,090	5,971	5,910	1,015	995	985
Davidson	Wesley Ophthal Plastic Surg Ctr	2		2	1,235	1,257	1,284	618	629	642
Davidson Total		59	17	76	72,042	75,967	70,986	948	1,000	934
Sumner	Green Surgery Center	1	1	2	1,024	939	896	512	470	448
Sumner	Patient Partners	2	2	4	4,539	4,613	4,665	1,135	1,153	1,166
Sumner Total		3	3	6	5,563	5,552	5,561	927	925	927
Wilson	Providence Surgery Center	2	1	3	673	707	1,139	224	236	380
Wilson	Wilson County Eye Surgery Center	1	1	2	1,343	1,530	1,449	672	765	725
Wilson Total		3	2	5	2,016	2,237	2,588	403	447	518
Grand Total		65	22	87	79,621	83,756	79,135	915	963	910

Source: JAR survey data; May 2018.

Tab 12

Attachment Section B, Economic Feasibility, E-3

ASTC Cost Savings versus Hospitals

Medicare, Top CPT Codes

ASC vs Hospital Comparison
Top 5 CPTs by Specialty

		National Medicare Allowable		
Specialty	CPT Description	ASC Medicare 14 Rate	OPPS Medicare 14 Rate	Medicare ASC as % of HOPD
02-OTHER	66984: Cataract surg w/ol 1 stage	\$ 976	\$ 1,731	56%
	15823: Revision of upper eyelid	\$ 757	\$ 1,344	56%
	66821: After cataract laser surgery	\$ 237	\$ 420	56%
	66982: Cataract surgery complex	\$ 976	\$ 1,731	56%
	68720: Create tear sac drain	\$ 1,098	\$ 1,947	56%
02-OTHER OPHTHALMOLOGY Total				
04-ENT/OT	69436: Create eardrum opening	\$ 673	\$ 1,193	56%
	30520: Repair of nasal septum	\$ 1,027	\$ 1,822	56%
	31255: Removal of ethmoid sinus	\$ 1,686	\$ 2,991	56%
	42820: Remove tonsils and adenoids	\$ 1,027	\$ 1,822	56%
	42826: Removal of tonsils	\$ 1,027	\$ 1,822	56%
04-ENT/OTOLARYNGOLOGY Total				
05-GENER	49505: Prp l/hern init reduc >5 yr	\$ 1,436	\$ 2,548	56%
	47562: Laparoscopic cholecystectomy	\$ 2,016	\$ 3,576	56%
	36561: Insert tunneled cv cath	\$ 1,296	\$ 2,300	56%
	45378: Diagnostic colonoscopy	\$ 407	\$ 722	56%
	47563: Laparo cholecystectomy/graph	\$ 2,016	\$ 3,576	56%
05-GENERAL SURGERY Total				
06-GYNEC	58558: Hysteroscopy biopsy	\$ 974	\$ 1,728	56%
	58671: Laparoscopy tubal block	\$ 2,016	\$ 3,576	56%
	59820: Care of miscarriage	\$ 760	\$ 1,348	56%
	58662: Laparoscopy excise lesions	\$ 2,016	\$ 3,576	56%
	57522: Conization of cervix	\$ 760	\$ 1,348	56%
06-GYNECOLOGY Total				
07-ORTHO	29826: Shoulder arthroscopy/surgery	\$ -	\$ -	#DIV/0!
	29881: Knee arthroscopy/surgery	\$ 1,191	\$ 2,113	56%
	64721: Carpal tunnel surgery	\$ 764	\$ 1,356	56%
	29880: Knee arthroscopy/surgery	\$ 1,191	\$ 2,113	56%
	29827: Arthroscop rotator cuff repr	\$ 2,353	\$ 4,174	56%
07-ORTHOPEDIC Total				
08-PAIN M/	62311: Inject spine l/s (cd)	\$ 370	\$ 657	56%
	64483: Inj foramen epidural l/s	\$ 370	\$ 657	56%
	64493: Inj paravert f jnt l/s 1 lev	\$ 370	\$ 657	56%
	62310: Inject spine c/t	\$ 370	\$ 657	56%
08-PAIN MANAGEMENT Total				
09-PLASTI	19325: Enlarge breast with Implant	\$ 2,677	\$ 4,750	56%
	19318: Reduction of large breast	\$ 1,981	\$ 3,515	56%
	19316: Suspension of breast	\$ 1,467	\$ 2,602	56%
	19380: Revise breast reconstruction	\$ 1,981	\$ 3,515	56%
	19371: Removal of breast capsule	\$ 1,467	\$ 2,602	56%
09-PLASTIC Total				
10-PODIAT	28285: Repair of hammertoe	\$ 930	\$ 1,650	56%
	28296: Correction of bunion	\$ 1,444	\$ 2,562	56%
	28080: Removal of foot lesion	\$ 930	\$ 1,650	56%
	28119: Removal of heel spur	\$ 930	\$ 1,650	56%
	28299: Correction of bunion	\$ 1,444	\$ 2,562	56%
10-PODIATRY Total				
11-UROLO	57288: Repair bladder defect	\$ 1,972	\$ 3,498	56%
	54161: Circum 28 days or older	\$ 959	\$ 1,701	56%
	52260: Cystoscopy and treatment	\$ 666	\$ 1,181	56%
	55040: Removal of hydrocele	\$ 1,436	\$ 2,548	56%

53020: Incision of urethra	\$ 845	\$ 1,499	56%
11-UROLOGY Total			
12-GASTR 43239: Upper gi endoscopy blopsy	\$ 370	\$ 657	56%
45378: Diagnostc colonoscopy	\$ 407	\$ 722	56%
45380: Colonoscopy and biopsy	\$ 407	\$ 722	56%
45385: Lesion removal colonoscopy	\$ 407	\$ 722	56%
G0121: Colon ca scm not hi risk ind	\$ 357	\$ 634	56%
12-GASTROENTEROLOGY Total			
13-SPINE 63030: Low back disk surgery	\$ -	\$ 3,923	0%
22554: Neck spine fuslon	\$ -	\$ 3,923	0%
63075: Neck spine disk surgery	\$ -	\$ 3,923	0%
64721: Carpal tunnel surgery	\$ 764	\$ 1,356	56%
22551: Neck spine fuse&remove addl	\$ -	\$ 3,923	0%
13-SPINE Total			

Tab 13

Attachment Section B, Economic Feasibility-B
Funding Letters

05/31/2018

Mr. Corey Ridgway
Market President
United Surgical Partners International, Inc.
8 Cadillac Dr. Ste 200
Brentwood, TN 37027

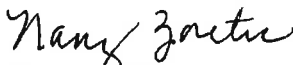
Dear Corey,

We understand that Northridge Surgery Center has applied for a CON, which requires a letter from a qualified financial institution to support various borrowing needs. Northridge Surgery Center's request is for a 7-year term loan of \$1.85 million to finance tenant improvements, equipment and furnishings. Based on similar credit facilities, the term loan will be priced at the London Interbank Offer Rate ("Libor"), plus 2.5%.

We have a long standing relationship with the managing partner of Northridge Surgery Center, United Surgical Partners International, Inc. ("USPI"). Given the matter in which USPI has managed this and several other surgery centers, where we serve as their financing and banking partner, we would certainly look favorably on this financing request subject to further due diligence and approval of their pending CON application.

Should you have any further questions, please feel free to contact me directly at (615) 744.3720.

Sincerely,



Nancy Zoretic
Sr. Vice President



6/1/18

Ms. Melanie Hill
Executive Director, HSDA
502 Deaderick Street
Andrew Jackson Building, 9th Floor
Nashville, TN 37243

Dear Ms. Hill,

Saint Thomas / USP Surgery Centers II, LLC intends to fund its estimated \$306,600 contribution to the Northridge Surgery Center project from cash on hand. Saint Thomas USP Surgery Centers II, LLC has \$1,641,685 of available cash currently held in a United Surgical Partners International, Inc. (USPI) consolidated account. Saint Thomas USP Surgery Centers II, LLC does not produce audited financial statements. However, USPI is the controlling member of Saint Thomas USP Surgery Centers II, LLC owning 51%. USPI's financial information is reported as the Ambulatory Care segment included in the financial statements and information filed with the US Securities and Exchange Commission (the "SEC") by USPI's majority owner, Tenet Healthcare Corporation (NYSE:THC). Copies of those filings are available on the SEC's website at <https://www.sec.gov/edgar/searchedgar/companysearch.html>.

If you have any questions, please do not hesitate to contact our outside counsel on this matter, Warren Gooch with Kramer Rayson, LLP.

Sincerely,

M. Corey Ridgway
Market President, USPI

Lisa R. Davis
CFO, Saint Thomas Health



Tab 14

Attachment Section B-Economic Feasibility-G
Financial Assistance Policies

Facility Name: Northridge Surgery Center	Policy And Procedure Guideline Name: Patient Right's	Policy Number: OER 115
	Subject Category: Organizational Ethics, Rights And Responsibilities	Effective Date: 9/1/13
		Revised Date: 9/13/14
		Page 1 Of 2

Policy: To assure that each patient or the patient representative, or surrogate is informed of his/her rights regarding care and treatment, and to provide a mechanism for patients to present requests, complaints and ethical issues for consideration. Prior to the start of the surgical procedure, each patient, patient representative, or patient surrogate will receive verbal and written notice of the patient's rights in a language and manner that ensures the patient, the representative, or the surrogate understand all of the patient's rights as set forth in this section. The notice of rights includes the address and telephone number of the State agency to which patients may report complaints, as well as the Web site for the Office of the Medicare Beneficiary Ombudsman. the "Patient's Rights and Responsibilities" document. The ASC must also post the written notice of patient rights in a place or places within the ASC likely to be noticed by patients waiting for treatment or by the patient's representative or surrogate, if applicable.

Purpose: It is our goal to recognize and respect each patient in the provision of care, treatment, and services in accordance with fundamental human, civil, constitutional, and statutory rights to improve patient outcomes. We believe the staff must function as patient advocates and participate and actively promote the patient's exercise of their rights. to ensure a high level of quality care. All business relationships with patients and the public are conducted in an ethical manner.

Each patient has the right to receive quality care regardless of disability, race, creed, color, sex, national origin, or age on admission, treatment, or participation in its programs, services and activities, or in employment. The respect of the individual and dignity of each patient is reflected in the Patient's Right's document which includes participation in decisions regarding his/her care. We encourage the involvement of patient representative or surrogate in all aspects of patient care through communication and education.

Procedure Guidelines:

1. Every patient (or their representative or surrogate as applicable) will be given a copy of the Patient's Bill of Rights and Responsibilities document upon registration.
2. If the patient (or their representative or surrogate as applicable) is unable to understand the document, verbal explanation will be given until there is knowledge that the document is understood or the document will be provided in an understandable language. Alternative communication methods maybe used when communicating the patient rights, the facility determine which method is best for each patient.
3. The patient (or their representative or surrogate as applicable) will sign a statement stating that they have received the information and this will become part of the medical record.
4. The Patient Bill of Rights will be posted in the access areas where it is likely to be noticed to be noticed by the patients waiting for treatment or by the patient's representative or surrogate.
5. The facility respects the rights and privacy of patients in all interactions.
6. The facility discloses in writing financial interest or ownership in the center and , when applicable, provide a list of physicians who have financial interest or ownership in the center.

Reference:

Joint Commission Standards for Ambulatory Surgery Centers 2014
AAAHHC Accreditation Handbook for Ambulatory Health Care 2014
CMS Conditions of Overage, State Operations Manual, Rev. 99, 1-31-14

Tab 15

**Attachment Section B-Contribution to the Orderly Development of
Healthcare-C2**

**Quality Management Plan
Utilization Management Plan**

BYLAWS

MEDICAL/PROFESSIONAL STAFF OF NORTHRIDGE SURGERY CENTER

Adopted: November 9, '04
Date

[Signature]
Signature

Deborah Board Chairman
Title

Revised November 9, '04
Date

ARTICLE I - NAME

The staff of Northridge Surgery Center shall be known and designated as the "Medical and Professional Staff" of the Center.

ARTICLE II - PURPOSE

The purpose of the Staff, in cooperation with the Center, shall be:

- A. To improve the availability and accessibility of medical care to the entire community in the most reasonable manner at the least possible cost to the patients.
- B. To insure the best possible medical care for all patients admitted to the Center.
- C. To further the education of all professional personnel.
- D. To maintain self-government in accordance with the policies of the Medical Advisory Committee ("MAC") and the Board of Managers (the "Board").
- E. To provide a means whereby problems of a medico-administrative nature may be discussed among the Staff, Medical Director, the MAC, and the Board.
- F. To initiate and maintain rules and regulations for the governance of the Staff which shall be binding on all members of the Staff.

ARTICLE III - MEMBERSHIP

Membership on the Staff of the Center is a privilege that may be extended to those physicians, *dentists, and podiatrists* that meet the qualifications, standards, and requirements set forth in the Bylaws. Allied Health Professionals ("AHP") may be selected to participate in the Staff organization and exercise privileges as provided in Article IV, Section V. Membership and privileges shall not be withheld, denied, revoked, or limited on the grounds of sex, race, creed, religion, or national origin.

Section I - Divisions and Qualifications

- A. Medical Staff - Each member of the Medical Staff must be a graduate of an approved medical school or school of osteopathy and legally licensed to practice medicine in the State of Tennessee
- B. Dental Staff - Each member of the Dental Staff must be a graduate of an approved dental school and legally licensed to Practice dentistry in the State of Tennessee

- C. Podiatry Staff - Each member of the Podiatric Staff must be a graduate of an approved podiatric school and legally licensed to practice podiatry in the State of Tennessee
- D. Allied Health Professional Staff - Each member of the AHP staff must be qualified by academic and clinical training to function in a medical support role and hold a license, certificate and/or other legal credential required by state law for the specific category of AHP. An AHP may be employed at the Center, or may be working under a contractual arrangement with an active member of the Staff that limits the AHP's clinical practice at the Center to such arrangement.
- E. All members of the Staff and affiliated AHPs shall be competent in their respective fields, be worthy of character in matters of professional ethics, and have qualifications acceptable to the MAC and Board.

Section II - Ethics and Ethical Relationships

- A. The professional conduct of the members of the Staff and AHP Staff shall be governed by principles of ethics adopted by the Staff and approved by the MAC and Board.
- B. Each member of the Staff who is a physician, *dentist, or podiatrist* shall agree to abide by the Code of Ethics adopted by the American Medical Association, *the American Osteopathic Association, the American Dental Association, or the American Podiatry Association*, as the case may be. Specifically, all medical, *dental, and podiatric* staff members shall pledge that they will not receive from, or pay to another physician, dentist, or podiatrist, either directly or indirectly, any part of a fee received for professional services.
- C. All members of the Medical Staff shall agree to abide by the philosophy of the Center, which specifically denies the performance of abortions for the purpose of selective termination of pregnancy in the Center.

Section III - Terms of Appointment

All appointments and reappointments to the Staff shall be made by the Board after the recommendation of the Medical Advisory Committee and be effective for a maximum two year period. Initial appointments to the Staff will be for a period not to exceed twelve (12) months. Reappointments will not exceed two years.

Section IV - Procedure for Appointment

- A. Applications for membership to the Staff shall be presented in writing on a form approved by the MAC and Board and shall state the qualifications and references of the applicant and privileges desired. The applicant shall signify his/her agreement to abide by these Bylaws and the Staff rules and Regulations of the Center. The applicant shall also give a final summary of his/her education, including names of institutional positions held, institutions from which he/she graduated, date of graduation, and the date of licensure in this state. The application of membership to the Staff shall be presented to

the Medical Director, who will refer the application to the Credentials and Peer Review Committee of the Center.

- B. In addition to the foregoing requirements for appointment to the Staff, each Active Staff member except anesthesiologists shall hold current staff privileges at one or more acute care hospitals in the community in which the Center is located and which are accredited by the Joint Commission on Accreditation of Health Organizations. Revocation or restrictions of staff privileges by any hospital shall be grounds for suspension of privileges at the Center until such time as the MAC and Board finds that staff privileges are at an accredited hospital in the community are currently extended to the Staff member. Active members shall notify the Medical Director of any revocation or limitation of staff privileges immediately upon receiving notice of such revocation or limitation.
- C. The Credentials and Peer Review Committee shall investigate the character, professional competence, ethical standing, and other qualifications of the applicant, having proper consultations and conducting such personal interviews as may be necessary. The Credentials and Peer Review Committee shall forward directly to the Medical Advisory Committee applications not recommended for acceptance and applications recommended for acceptance with its findings and recommendations.
- D. The Medical Advisory Committee, after review of the report of the Credentials and Peer Review committee, shall forward the report with its comments to the Board through the Chairman of the MAC. The Board shall make all final decisions with respect to applications, and may accept or reject the recommendations of the Credentials and Peer Review Committee and the MAC for reconsideration, review, or reinvestigation. When an application is approved by the Board, the Medical Director shall transmit this decision to the applicant and secure his/her signed agreement to be governed by the Bylaws and the Rules and Regulations herein provided for. Before Medical, Dental, and Podiatry applicants can be appointed to membership on the Staff, they must submit satisfactory proof of liability insurance acceptance in form and coverage.

Section V - Procedures for Reappointment

Every two years, the Credentials and Peer Review Committee shall submit to the Medical Advisory Committee a report of its recommendations together with all supporting documentation for reappointment or non reappointment of each member of the Staff and the category and privileges that should be granted for the ensuing two year period. The MAC shall review the report from the Credentials and Peer Review Committee and submit the report and its comments to the Board through the Chairman of the MAC. Final responsibility for reappointments shall rest with the Board and the Medical Director shall notify each Staff member whether or not he/she has been reappointed to the staff, stating the category and privileges granted.

Section VI - Determination of Emergency and Temporary Privileges

Regardless of his/her status, in case of emergency, each physician shall be expected to employ all ordinary measures to save the life of a patient. A practitioner exercising emergency privileges

shall provide to the Medical Director and, if appropriate, to the Quality Management Committee in writing a statement explaining the circumstances giving rise to the emergency.

A Medical Director has the authority to grant temporary privileges to a qualified individual who is not a member of the Staff. Temporary privileges may be granted for a period not to exceed ninety (90) days. Temporary privileges may be terminated at any time at the direction of the Medical Director, without right of appeal by the professional whose temporary privileges have been so terminated.

Section VII - Suspension and Revocation of Privileges

- A. The Medical Director has the authority to recommend to the MAC and the Board the suspension of privileges of a Staff member for cause. In all cases of recommended suspension other than immediate suspension, the member affected shall be notified in writing by the Medical Director
- B. The Medical Director has the authority to recommend to the MAC and the Board the immediate suspension of privileges of a Staff member for the protection of a patient's life or welfare. The Medical Director has the authority to order such immediate suspension.
- C. A suspension of privileges may be imposed by the Medical Director for failure to meet the requirements set forth by the Medical Staff with respect to completion of patient records. If a physician is suspended for non-completion of records and the records remain incomplete for an extended period of time, the Medical Director will close out the records three months after notification of suspension and the physician will be removed from Staff membership at that time.
- D. Notification from the State Board of Medical, *Dental or Podiatric* Examiners or appropriate licensing agency of the revocation or suspension of the professional licensure of a Staff member shall automatically constitute sufficient grounds for suspension or revocation of Staff membership.
- E. Failure to maintain professional liability insurance in an amount approved by the Board (\$1 million / \$3 million) shall automatically constitute sufficient grounds for suspension or revocation of Staff membership.

Section VII- Hearing Procedure and Appeal

- A. Request for Hearing
 - 1. Any applicant whose appointment or reappointment to the Medical Staff has been denied by The MAC and Board, or any individual whose clinical privileges have been curtailed, suspended, revoked, or denied by the MAC, or any individual who has received any adverse recommendation from the Credentials and Peer Review Committee or the Medical Advisory Committee relative to matters of medical staff appointment or clinical privileges, shall have the right to a formal hearing by an "ad hoc" judicial review committee composed of individuals who have not

previously been involved in the formal evaluation of the aggrieved individual's credentials, who are not in direct economic competition with the aggrieved individual or who have previously been involved in the formulation of the denial decision or adverse recommendation.

2. The individual requesting such hearing must do so in writing, delivered in person or by mail, to the Medical Director within thirty (30) days following the date of receipt of any adverse notice regarding recommendations for Medical Staff membership and/or clinical privileges at the Center. The hearing shall be granted not less than thirty (30) days following notification from the aggrieved individual that such a hearing is desired. If no correspondence is received from the individual within thirty (30) days, the right to request a hearing is automatically waived, and any right to an appellate review is also waived.
3. The Medical Advisory Committee shall, within ten days after receipt of such a request after consultation with the Medical Director, schedule and arrange for such a hearing. The Medical Director shall cause the aggrieved individual to be notified at least thirty (30) days prior to the hearing of the time, place, and date of the hearing. The date of the hearing shall not be less than thirty (30) days, nor more than sixty (60) days from the date of the receipt of notice for hearing, provided, however, that when a request for hearing is received from an individual who is under suspension which is then in effect, the hearing may be held as soon as the arrangements may reasonably be made and not to exceed thirty (30) days from the date of the request.
4. The notice of the hearing shall contain a concise statement of the practitioner's alleged acts or omissions, a list by number of the specific or representative patient records in question and/or the other reasons or subject matter forming the basis for the adverse recommendation or action that is the subject of the hearing.
5. In each instance, the usual procedures to assure the proper inclusion of due process shall be at least as follows:
 - a. The aggrieved individual shall be notified of the decision by means of certified, receipted mail. (Included in the information that he/she has ten days within which to request a full hearing on the matter.) In the event the individual does not request a hearing within the time described and in the manner set forth in the Medical Staff Bylaws (in the notice), he/she shall be deemed to have accepted the decision and it shall thereupon become immediately effective.
 - b. All exchanges of mail, notices and other pertinent related correspondence shall follow the pertinent flow patterns as that of the application for Staff membership and/or clinical privileges.
 - c. When the concerns are clearly recognized to be of professional nature and the Medical Advisory Committee and the Board have made an adverse

recommendation, a requested hearing shall be conducted by an "ad hoc" review committee of the members of the Medical Staff appointed by the Medical Director in consultation with the appropriate Department Head(s) if applicable. No individual who has actively (formally) participated in the consideration of the contested matter shall be a member of this review committee unless impossible due to the small size of the Medical Staff

- d. When the denial has been made solely by the Board without the concurrence of the MAC, the final hearing shall be conducted by a judicial review committee similarly appointed by the Board for this purpose. Suitable representation from the Medical Staff shall be included on this committee.
- e. It is mandatory that there shall be at least a quorum of the members of the judicial review committee present when the hearing takes place.
- f. The presence of an extramural (extra-organizational) hearing officer to preside at the hearing is optional and may be introduced. The hearing officer can be an individual who is experienced in presiding at and conducting such a proceeding. This individual may participate in the deliberations and act as an advisor, but he/she has no right to vote.
- g. The presence of lawyers at the hearing is also optional to the individual requesting the hearing and to the Center. There will be instances in which it is useful and desirable to permit both sides to be represented by legal counsel, but when it is a purely professional matter, it is recognized that the presence of counsel may obscure the issues and may make the hearing confused and lengthy. On the other hand, when no legal oriented individual is present the resultant record of the hearing may have little use in the event of an appeal.
- h. A reasonably complete record of the proceedings must be kept. A mechanism should be agreed upon by both parties prior to the hearing. This may be done by use of a court reporter, electronic recording device, detailed transcription, or by copious notes.
- i. Following notification of an adverse decision after the hearing, the aggrieved individual is privileged to request an appellate review to be conducted by the Board of the Center (Such an individual shall be notified of his/her right to an appeal within ten days of the final decision.) Any decision resulting therefrom will be final.

B. Hearing Procedure

- 1. The Medical Director shall fix the place and time of the hearing and shall send, by certified, received mail, a notice of same to the individual requesting the hearing.

2. Together with the notice of hearing herein above referred to, the Medical Advisory Committee shall state in writing, using concise language, the acts or omissions with which the individual is charged, a list of charts being questioned, or the reason for the denial of the request constituting the grounds for the hearing.
3. No hearing shall be conducted without the personal presence of the individual for whom the hearing has been scheduled unless he/she waives such an appearance or fails without good cause to appear for the hearing after appropriate notice.
4. Failure without good cause of the applicant or member of the Medical Staff requesting the hearing to appear and proceed at such hearing shall be deemed to constitute voluntary acceptance of the recommendation of action involved, which shall become effective immediately, and his/her waiver of all other rights inuring him/her, under the provisions of these Bylaws. Postponements of hearings beyond the time set forth in These Bylaws shall not be permitted except with the consent of the applicant or member of the Medical Staff involved or except upon his/her application. In the latter case, granting of a postponement shall only be for good cause and at the sole discretion of the Medical Advisory Committee and/or the Board.
5. The individual requesting the hearing shall be entitled to be accompanied by and/or represented at the bearing by an attorney of his/her choice, or by a member of the Medical Staff in good standing, or by a member of his/her local professional society. If the affected practitioner desires to be represented by an attorney at any hearing or appellate review, his request for such bearing or appellate review must state so. The "ad hoc" judicial review committee or appellate review shall, at its sole discretion, determine whether to permit such representation.
6. The appointed chairman of the "ad hoc" judicial review committee or his/her designee shall preside over the hearing if a hearing officer has not been agreed upon. He/She shall act to insure that all participants in the hearing have a reasonable opportunity to be heard and to present all oral and documentary evidence and that decorum is maintained. He/She shall be entitled to determine the order or procedure during the hearing.
7. The hearing shall not be conducted strictly according to rules of law relating to the examination of witness or presentation of evidence. Any relevant evidence (material) shall be admitted, regardless of the admissibility of such evidence in a court of law. Any individual for whom the hearing is being held shall be entitled to submit, prior to or during the hearing, memoranda concerning any issue of fact and memoranda shall become a part of the hearing record.
8. The MAC, when its action is the subject of the hearing, shall appoint a member of the Medical Staff to present its recommendations and the facts in support thereof, and examine witnesses. The Board, when its action is the subject of the hearing

shall appoint a member of such Board to present its recommendations and facts in support thereof and examine witnesses.

9. In any hearing which shall have been requested because of the failure to appoint or reappoint to the Medical Staff or to award an increase in privileges, the aggrieved individual shall have the burden of proving that the adverse action or recommendation lacks any factual basis or that such basis or conclusions drawn therefrom are either arbitrary, unreasonable or capricious, or that the recommendations made or the action taken was improper. When any hearing arranged by the Medical Advisory Committee relates to adverse action or recommendations regarding an individual's Medical Staff membership status or clinical privileges, the representative of the body concerned shall have the obligation to introduce evidence in support of its action or recommendations, but the aggrieved individual assumes responsibility of supporting his/her challenge or the adverse action or recommendation by presenting appropriate evidence as rebuttal to the charges. He/She must show that the basis for these charges is arbitrary, unreasonable, or capricious. After all the evidence has been submitted by both sides, the "ad hoc" judicial review committee shall recommend in favor of the Medical Advisory Committee or the Board unless it finds that the individual who requested the hearing has proved that the recommendation that prompted the hearing was unreasonable, not sustained by evidence, or otherwise unfounded.
10. The individual for whom the hearing is being held shall have the following rights: to call and examine witnesses, to introduce written evidence, to cross-examine any witness on any matter relevant to the issue of the hearing, to impeach any witness, to rebut any evidence and to request that the record of the hearing be made by the use of a court reporter or an electronic recording unit. If the individual requesting the hearing does not testify in his/her own behalf he/she may be called and examined as if under cross-examination.
11. The chairman or hearing officer conducting the hearing may recess the hearing and reconvene the same for the convenience of the participants or for the purpose of obtaining new or additional evidence or consultation without special notice. Upon conclusion of the presentation of oral and written evidence, the hearing shall be closed. The body conducting the hearing may thereupon, at a time convenient to itself conduct its deliberations outside the presence of the individual for whom the hearing was convened. A record of the hearing shall be kept that is of sufficient accuracy to assure that an informed and valid judgement can be made by any group that may later be called upon to review the record and render a recommendation or decision in the matter.
12. Within thirty (30) days after final adjournment of the hearing, the judicial review committee shall make a report and recommendation in writing to the Medical Advisory Committee. The report may recommend confirmation, modification, or rejection of the original recommendations or action of the MAC or decision of the Board.

13. Within thirty (30) days after receipt of the report and recommendations of the "ad hoc" judicial review committee wherein the matter considered was an action of the MAC, the Medical Advisory Committee shall render a final written decision in the matter and shall forward a copy of its decision to the Board through the Medical Director.
14. Within thirty (30) days after receipt of the report and recommendations of the MAC, the Board shall render a final written decision in the matter and shall forward a copy of its decision, in person or by certified mail, to the individual for whom the hearing was held.

C. Appeal to the Medical Advisory Board

1. Within fifteen (15) days after receipt of the decision of the Board, the individual requesting the hearing, after being informed of his/her right to an appellate review by certified, receipted mail, may request an appellate review by the Board. If such appeal is not requested within fifteen (15) days, the individual requesting the informal hearing shall be deemed to have accepted the action of the Board and it shall thereupon become effective immediately. In addition, the individual requesting the initial hearing shall be deemed to have waived all rights due him/her under the provision of these Bylaws.
2. In an event of an appeal to the Board as set forth in the preceding subsection, the Board shall within ten days after receipt of such notice of appeal, schedule and arrange for an appellate hearing and formal review of the matter. The Board shall cause the individual requesting the appeal to be notified of the time, place, and date of the appeal. Such notice of the formal review shall be sent to the appellant by certified, receipted mail. The date of the appellate hearing shall not be less than five days, nor more than sixty (60) days from the date of the receipt of the appeal; provided, however, that when a request for review is received from the individual who is under suspension which is then in effect, the review shall be held as soon as the arrangements may be reasonably made and not to exceed thirty (30) days from receipt of the appeal.
3. The proceedings of the Board shall be in the nature of a formal appellate review based upon the record of the hearing before the judicial review committee of the medical staff and all subsequent results and actions thereon. The appellate review board shall also consider the written statements submitted concerning findings of fact, conclusion, and procedural matters which he/she disagreed with, and his/her reasons for such disagreement. In addition, the appellate review body, in its sole discretion, may allow the parties or their representatives to appear personally and make oral statements in favor of their positions. The individual requesting the appeal shall have access to the records and transcriptions of any of the aforementioned hearing before the judicial review committee. He/She shall be given thirty (30) days in order to prepare his/her written response to the report. He/She shall list those findings of fact and procedure with which he/she disagrees,

and his/her reasons for a disagreement. His/Her answer will be restricted to those points raised during the hearing, rather than those raised in the report.

4. During the formal review of the matter, only under unusual circumstances will the individual requesting the appeal be permitted to present new or additional evidence not considered during the original hearing or in his/her answer to the report; the Board shall be the sole determinant as to whether such new matters may be presented. The Board will act as an appellate body, reviewing the procedure of the hearing and insuring that the findings of fact in the report of the hearing were based upon a preponderance of valid evidence and were not arbitrary or capricious. The Board may affirm, modify, or reverse the action of the judicial review committee, or in its discretion, refer the matter for further review and recommendations.
5. Within thirty (30) days after the conclusion of the proceedings before the Board, the Board shall render a final decision in the appeal to the "ad hoc" judicial review committee by certified, receipted mail.
6. The final decision of the Board, following the appeals procedure set forth in this section, shall be effective immediately and shall not be subject to further appeal.
7. Notwithstanding anything to the contrary herein above or hereafter contained, no practitioner shall be entitled, as a right, to more than one formal review before the Board on any single matter which may be the subject of action of the Medical Advisory Committee or the Board of Managers or a combination of acts of such bodies.

Section IX - Confidentiality, Immunity, and Releases

A. Special Definitions

For the purposes of this section, the following definitions shall apply:

1. **INFORMATION** means record of proceedings, minutes, interviews, records, forms, memoranda, statements, recommendations, findings, evaluations, opinions, conclusions, actions, data, and other disclosures or communications whether in written or oral form relating to any of the subject matter specified in this section.
2. **MALICE** means the dissemination of a knowing falsehood or of information with a reckless disregard for whether or not it is true or false.
3. **PRACTITIONER** means a staff member or an applicant for staff membership.
4. **REPRESENTATIVE** means a board of health care institution and any director or committee thereof, a chief executive officer or his/her designee; a medical staff organization and any member, officer, clinical unit, or committee thereof, and any

individual authorized by any of the foregoing to perform specific information gathering, analysis, use or disseminating functions.

5. **THIRD PARTIES** mean both individuals and organizations providing information to any representative.

B. Authorizations and Conditions

By submitting an application, for staff membership or by applying for or exercising clinical privileges, or providing specified patient care services in the Center, the practitioner:

1. Authorizes representative of the Center and the staff to solicit, provide and act upon information bearing on his/her professional ability and qualifications.
2. Agrees to be bound by the provisions of this section and to waive all legal claims against any representative who acts in accordance with the provisions of this section, and
3. Acknowledges that the provisions of this section are express conditions to his/her application for, or acceptance of, Staff membership and to his/her exercise of clinical privileges or provision of specified patient services at the Center.

C. Confidentiality of Information

Information, with respect to any practitioner, submitted, collected or prepared by any representative of this or any other health care facility or organization or medical staff for the purpose of evaluating and improving the quality and efficiency of patient care, reducing morbidity and mortality, determining that health care services are professionally applicable standards of care, or establishing and enforcing guidelines to keep health care costs within reasonable bounds, shall, to the fullest extent permitted by law, be confidential and shall not be disseminated to anyone other than a representative, nor be used in any way except as provided herein or except as otherwise required by law. Such confidentiality shall also extend to information of like kind that may be provided by third parties. This information shall not become part of any particular patient's record.

D. Immunity from Liability

1. **For Action Taken**

No representative of the Center or staff shall be liable to a practitioner for damages or other relief for any decision, opinion, action, statement or recommendation made within the scope of his/her duties as a representative, if such representative acts without malice after reasonable effort under the circumstances to ascertain the truthfulness of the facts and in the reasonable belief that the decision, opinion, action, statement or recommendation is warranted by such facts.

2. For Providing Information

No representative of the Center of staff and no third party shall be liable to a practitioner for damages or other relief by reason of providing information, including otherwise privileged or confidential information, to a representative of the Center or staff or to any other health care facility or organization of health care professionals concerning a practitioner who is or has been an applicant to or member of the staff or who did not exercise clinical privileges or provide specified services at the Center, provided that such representative or third party acts without malice and provided farther that such information is related to the performance of the duties and functions of the recipient and is reported in a factual manner.

F. Activities and Information Covered

1. Activities

The confidentiality and immunity provided by this section applies to all acts, communications, proceedings, interviews, reports, records, minutes, forms, memoranda, statements recommendations, findings, evaluations, opinions, conclusions or disclosures performed or made in connection with this or any other health care facility's or organization's activities concerning, but not limited to:

- a. Applications for appointment, clinical privileges, or specified service
- b. Periodic reappraisals for reappointment, clinical privileges, or specified services
- c. Corrective or disciplinary action; Hearing and appellate reviews
- d. Quality plan activities
- e. Utilization reviews
- f. Claims reviews
- g. Profiles and profile
- h. Malpractice loss prevention
- i. Other Center and staff activities related to monitoring and maintaining quality and efficient patient care and appropriate professional conduct

2. Information

The information referred to in this section may relate to a practitioner's professional qualifications, clinical ability, judgement, character, physical or mental health, emotional stability, professional ethics, or any other matter that might directly or indirectly affect patient care.

3. Releases

Each practitioner shall, upon request of the Center, execute general and specific releases in accordance with the tenor and import of this section, subject to such requirement, including those of good faith, absence of malice and exercise of a reasonable effect to ascertain truthfulness, as may be applicable under the laws of this state. Execution of such release is not a prerequisite to the effectiveness of this section.

4. Cumulative Effect

Provisions in these Bylaws and in application forms relating to authorizations, confidentiality of information and immunities from liability are in addition to other protections provided by law and not in limitation thereof.

ARTICLE IV - CATEGORIES OF STAFF AND AHPs

Section I - Active Staff

All members of the Medical Staff shall be considered Active members while practicing in the facility. The Active Staff shall consist of those physicians, *dentists and podiatrists* of professional competence who have demonstrated their intention to assume the primary goals of the Center. All business of the Staff shall be transacted by the Active Staff. Only Active Staff shall be eligible to vote and hold office, unless otherwise provided in these Bylaws.

Section II - The Medical Staff

- A. The Medical Staff shall consist of those physicians who have been appointed to Active Staff membership.
- B. Appointments and reappointments to the Medical Staff shall be made by the Medical Advisory Committee and the Board as set forth in ARTICLE III. Advancement to the Medical Staff shall require eligibility and subsequent certification by the American Board in the physician's field of specialty within seven years of completion of training. In all cases, the specific certifying body shall be identified by the applicant and shall require approval by the MAC and Board for acceptance. The above may be waived at the discretion of the MAC and Board.

- C. Members of the Medical Staff shall agree to assume the responsibilities of Active Staff membership

Section III - The Dental Staff

- A. *The Dental Staff shall consist of those dentists who have been appointed to Active Staff membership.*
- B. *Appointments and reappointments to the Dental Staff shall be made by the MAC and Board as set forth in ARTICLE III.*
- C. *Patients admitted for dental care shall be admitted under the care of the credentialed dentist. The usual pre-operative work-up shall be performed and recorded on each patient prior to the surgical procedure by the anesthesiologist, Consultation shall be held in complicated cases. The attendance of an attending physician during all surgery shall not be required if an anesthesiologist or other Medical Staff member is present.*

Section IV - The Podiatry Staff

- A. *The Podiatry Staff shall consist of those podiatrists who have been appointed to Active Staff membership.*
- B. *Appointments and reappointments to the Podiatry Staff will be made by the MAC and Board as set forth in ARTICLE III.*
- C. *Patients admitted for podiatric care shall be admitted under the care of the credentialed podiatrist. The usual pre-operative work-up shall be performed and recorded on each patient prior to the surgical procedure by the anesthesiologist.*
- D. *Consultation shall be held in complicated cases. The attendance of an attending physician during all surgery shall not be required if an anesthesiologist or other Medical Staff member is present.*

Section V - Allied Health Professionals

- A. **Qualified Allied Health Professionals who have a contractual relationship with the Center to provide specific patient care services; or who are employees at the Center; or who are employees of a member of the Staff, or who are employees, partners, or principals of an entity which has a contractual relationship with the Center to provide services must qualify for and be granted privileges to perform specified patient care services within the Center. Notwithstanding anything in these Bylaws to the contrary, a Center contract with an AHP may provide that the termination of such contract by either party shall automatically cause a termination of such AHP's clinical privileges. If the membership or clinical privileges of a staff member who employs AHPs are revoked, such revocation shall automatically cause a termination of such AHPs clinical privileges. The Center contract with an entity with which an AHP is an employee or representative may provide**

(a) that termination of such contract by either party shall automatically cause a termination for such AHP's clinical privileges and (b) that termination of the AHP's relationship with the entity shall automatically cause a termination of such AHP's clinical privileges. In all such cases, the contractual provisions shall govern, and the affected AHP shall not be entitled to any of the review procedures of these Bylaws, including without limitation ARTICLE III, Section VIII. AHPs shall include the following categories:

Category I

Those personnel who are employed by members of the Active Staff and who are utilized by members of the Staff in the direct treatment and care of patients at the Center including fellows, residents, medical students, registered nurses, licensed practical nurses, certified registered nurse anesthetists, operating room technicians, and others who are approved by the Staff and who are sponsored by and utilized by an Active Staff member who assumes responsibility for their actions.

Category 2

Those individuals who are non-physician professionals who are not employed by a member of the Staff but who by virtue of their training, certificate and/or licensure, may be considered independent practitioners, including certified registered nurse anesthetists and others when approved by the Staff and who may see patients or provide services when requested by the attending Staff member who provides medical services.

Additional professions may be added to either category upon the determination of the Medical Advisory Committee as affixed by the Board, that:

- (1) The utilization of practitioners of such profession is consistent with appropriate utilization of the Center and its services.
- (2) Such profession of allied health personnel would provide needed patient service that is not already adequately provided for by existing Staff members, AHPs, or the Center employees.
- (3) The presence of such profession of practitioners would not unduly complicate patient care or expose the Center or Staff to liability.

B. Qualifications

Only Allied Health Personnel of a profession approved by the Board who hold a license, certificate or other such credentials as may be required by applicable state law, who have graduated from an accredited school, and who:

1. Document their experience, background, training, professional liability insurance, ability, physical and mental health status with sufficient adequacy to demonstrate that any patient treated by them will receive care of the generally recognized professional level of quality and efficiency and that they are qualified to provide a needed service within the Center; and

2. Are determined, on the basis of documented references, to adhere strictly to the ethics of their respective professions as applicable and to work cooperatively with others eligible to provide specified services within the Center. The Medical Advisory Committee may, in consultation with the Medical Director, establish additional qualifications required of members of any particular category of AHPs.

C. Procedure of Specification of Services and Appointment

1. Written guidelines for the performance of specified services by AHPs will be developed by the Medical Director, subject to review and approval by the Medical Advisory Committee. For each class of AHPs and for each particular profession of AHPs in each class, such guidelines include, without limitation:
 - a. specification of classes of patients that may be seen (only those of the employer, staff member, other those referred by or from a particular clinical service, or any referred by a member of the staff)
 - b. a description of the services to be provided and responsibility for charting services provided in the patient's medical record; and
 - c. for Category I AHPs, the definition of the degree of assistance that may be provided to a member of the staff in the treatment of patients within the Center's premises and any limitations thereon, including the degree of staff supervision required for each service.
1. An application for specified services for an AHP is submitted and processed in the same manner as provided for clinical privileges, provided that the MAC may delegate to a sub-committee or to the physician chief of the department involved the authority to act for the staff on any such applications from specific categories of AHPs and provided further that the Board, through the Medical Director the authority to act for it on any such applications from specific categories of AHPs. An AHP is not entitled to the procedural rights provided in ARTICLE III, Section VIII unless the Board determines otherwise for specific categories of AHPs.

**ARTICLE V
ORGANIZATION OF THE MEDICAL / PROFESSIONAL STAFF**

Section I - Medical Director of the Staff

- A. A Medical Director of the Center shall be appointed by the Board. The Medical Director may select an Assistant Medical Director subject to the approval of the Board.
- B. The Medical Director (or the Assistant Medical Director in his/her absence) shall perform such duties as are imposed upon his/her by the Board, and he/she shall be the official liaison between the Staff and the Board. His/Her duties shall be delineated by an

agreement approved by the Board, and he/she shall serve at the pleasure of the Board. The Medical Director shall be a physician, and upon appointment, he/she automatically shall become a member of the Active Staff.

- C. He/She shall act as the Executive Officer of the Staff in all staff activities, within those limitations designated by the Board.
- D. He/She shall be responsible to the Board for maintaining the quality of professional care within the Center. He/She shall have the authority in an emergency to intervene in the professional standards of the Center. He/She may be Chairman of the Medical Advisory Committee and an ex-officio member of all Staff committees and shall assist in implementing the policies of the Board. He/She shall assist the Center and Staff in the development of such programs as may be necessary or beneficial to achieve the purpose of the Center. He/She shall be responsible to the Board for supervising the Center Medical Education Program although a Director of Medical Education may be appointed for specific implementation of these programs.

Section II - Committees of the Staff

- A. Committees shall be standing and special. All committee members, unless otherwise designated in these Bylaws, shall be appointed by the Medical Director. Members shall serve for two years and in order to maintain the efficiency of the committee, only half of the members will be replaced each year. All committees shall maintain a record of attendance and of their proceedings.
- B. Special committees may be appointed for specific purposes. Their appointments will cease upon the accomplishment of their purpose. They shall report to the Medical Director and Medical Advisory Committee.
- C. The committees of the Staff shall be:
 - 1. Medical Advisory Committee
 - 2. Quality Management
- D. The Medical Advisory Committee shall consist of a chairman, who may be the Medical Director and a number of physicians who are currently members of the Active Staff and are available on a regular basis for consultation and advice by the chairman.
 - 1. The Committee shall establish and maintain, with the approval of the Board, the necessary procedures for review of the medical necessity of patient care and the evaluation of professional services for the promotion of the most efficient and effective use of the Center.
 - 2. The Committee shall recommend to the Board:
 - a. The structure of the Medical Staff.

- b. The mechanisms used to review credentials and to delineate individual clinical privileges.
 - c. Individuals for Medical Staff membership.
 - d. The mechanisms for a fair hearing process.
 - e. The organization of the Quality activities of the Medical Staff.
 - f. The mechanisms by which membership on the Medical Staff may be terminated.
 - 3. The Committee shall be involved in the clinical privileging process of the Hearing Procedure and Appeal in accordance with the procedure set forth in ARTICLE VIII of the Bylaws.
 - 4. The Committee shall receive and act upon reports and recommendations from Medical Staff departments, committees, and assigned activity groups, and make recommendations concerning them to the Board through its Chairman.
 - 5. The Committee shall maintain adequate records of all its activities. The Center will provide such secretarial and statistical assistance to the Committee as may be required.
 - 6. Meetings shall be held regularly at least four times a year, or more frequently if deemed necessary by the Chairman, at a date and place which shall be determined by the Chairman upon notice to all members.
 - 7. The Committee shall prepare written reports on all of the activities that arise with a copy going to the Chairman who will ultimately furnish this information to the Board.
- E. The Medical Advisory Committee shall consist of a member of the Active Staff representing each surgical specialty.
- 1. The Credentials Committee may interview all applicants for Staff membership, investigate their credentials and make recommendations in accordance with the procedure set forth in ARTICLE III, Section IV-B of the Bylaws.
 - 2. The Credentials Committee shall require each applicant for membership to submit three professional references, at least two being from Staff members preferred. In addition, the Committee may solicit such independent references as it deems necessary from other sources.
 - 3. The Committee shall prepare written reports on all activities that arise with a copy forwarded to the Medical Director, who will ultimately furnish this information to the Medical Advisory Committee and the Board.

F. The Quality Management Committee shall consist of at least three members of the Active Staff, the Administrator, Medical Director, and representatives of each of the Center's departments.

- 1. The Committee shall maintain an on-going evaluation of quality of care and be responsible for coordinating all on-going infection control / risk management programs.**
- 2. The Committee shall develop, implement, and on a continuous basis, enforce an infection control policy in compliance with state and federal laws and regulations. This includes the development of protocols and programs for the operating room as well as an on-going educational and training program for all Center personnel in accordance with CDC guidelines and OSHA regulations.**
- 3. The Committee shall develop, monitor, and review all aseptic and sanitation techniques.**
- 4. The Committee shall develop, and on an on-going basis, enforce all surgical policies. This includes the responsibilities and supervision of CRNAs as well as protocols for the use of anesthesia. An on-going training and education program shall be available for all Center personnel.**
- 5. The Committee shall be responsible for monitoring the surgical procedures performed within the Center and assuring that these procedures have been approved by the Medical Advisory Committee and the Board.**
- 6. The Committee shall be responsible for insuring a safe environment for surgical procedures including, but not limited to, loss of power, disaster drills, emergency procedures, and isolation protocols.**
- 7. The Committee shall conduct periodic review of all litigation originating from the Center as well as any anesthesia related incidents. In addition, the Committee shall review and resolve any patient grievances.**
- 8. The Committee shall review all deaths, complications or otherwise adverse situations that occur at the Center and evaluate all incidents that may be reported by the medical and nursing staff.**
- 9. The Committee shall maintain a credible medical records organization and conduct an on-going medical records review on a periodic basis to determine the efficiency of the charts with interval medical record evaluations completed to determine the efficiency of the Medical Records Department.**
- 10. The Committee shall be responsible for the evaluation of the pathology and laboratory services available in the Center. Attention should be made to the appropriateness of the laboratory procedure performed and the adequacy of tissue review.**

11. The Committee shall be responsible for determining that the laboratory personnel are qualified and certified to perform such services.
12. The Committee is the mainstay between the staff, both medical and nursing, to promote the most efficient utilization of the Center in accordance with the highest qualities of professional practice.
13. The function of the Committee will address appropriate quality studies with emphasis on the following areas:
 - a. Identification of the process.
 - b. Assessment of the process and development of recommendations.
 - c. Reassessment of the process at a future date.
14. The Committee shall prepare written reports on all the activities that arise with a copy to the Medical Advisory Committee whose Chairman will ultimately furnish this information to the Board.

ARTICLE VI - RULES AND REGULATIONS

- A. The Medical, *Dental, and Podiatry* staff shall adopt such Rules and Regulations as may be necessary for the proper conduct of its work. Such Rules and Regulations have the same force and effect as these Bylaws, and may be amended and repealed at any regular meeting or properly convened special meeting of the staff by a two-thirds (2/3) majority of the total voting members present. The Center's Policy and Procedures will serve as the Rules and Regulations of the Medical Staff.
- B. The Rules and Regulations and all amendments thereto become effective subject to approval by the Medical Advisory Committee and the Board of the Center.

ARTICLE VII - AMENDMENTS

- A. New Bylaws may be adopted or these Bylaws may be amended or repealed at any regular meeting or properly convened special meeting by a two-thirds (2/3) majority of the members of the Medical Advisory Committee present and voting, if a quorum is present.
- B. This voting may be accomplished by mail provided that at least twenty (20) days are allowed from the time the notice and copy of the proposed Bylaws or amendments is mailed. A majority vote of the ballots shall be sufficient to amend these Bylaws.
- C. New Bylaws or any amendments or repeals of these Bylaws shall be effective only upon approval by the Board of the Center.

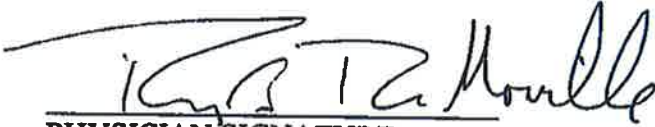
ARTICLE VIII - NOTICE

Any notice to any person, provided for in these Bylaws, shall be deemed to be complete and to have been given and to have been received by the addressee when:

1. After such notice is mailed, at noon the second day, with postage pre-paid, addressed to the addressee at his/her current mailing address according to the records of the Center, or
2. Twenty-four (24) hours after having been sent to the addressee at such address by prepaid telegram provided, however, that any such notice may be, but is not required to be, personally served upon the person to whom it addressed by delivery to such, in which case the notice shall be complete upon delivery.

ARTICLE IX - ADOPTION

- A. These Bylaws, together with existing Rules and Regulations, have been adopted by the Active Staff following recommendation by the Medical Director.
- B. The Bylaws and all amendments thereto or repeals thereof shall become effective only on approval by the Medical Advisory Committee and the Board of Managers of the Center.
- C. The Bylaws shall, when so approved, be equally binding on the Professional and Medical Staff, the Medical Advisory Committee, and the Board.


PHYSICIAN SIGNATURE

DATE

11/9/04


CENTER REPRESENTATIVE

DATE

11/9/04

Tab 16

**Attachment Section B-Contribution to the Orderly Development of
Healthcare-D1**

License

Accreditation

Board for Licensing Health Care Facilities



State of Tennessee

License No. 00000000016

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

NORTHBRIDGE SURGERY CENTER, LP *to conduct and maintain*

an Ambulatory Surgical Treatment Center NORTHBRIDGE SURGERY CENTER, LP

Located at 647 MYATT DRIVE, MADISON

County of DAVIDSON *, Tennessee.*

This license shall expire APRIL 19 2019 *, and is subject*

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State this 20TH *day of* MARCH *, 2018.*
In the Specialties (ies) of: GENERAL SURGERY



By Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By [Signature]
COMMISSIONER



December 8, 2017

Jenny Farrell
Administrator
Northridge Surgery Center, LP
647 Myatt Drive
Madison, TN 37115

Joint Commission ID #: 465629
Program: Ambulatory Health Care
Accreditation
Accreditation Activity: 60-day Evidence of
Standards Compliance
Accreditation Activity Completed: 12/08/2017

Dear Mrs. Farrell:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- **Comprehensive Accreditation Manual for Ambulatory Health Care**

This accreditation cycle is effective beginning September 22, 2017 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations



Official Accreditation Report

**Northridge Surgery Center, LP
647 Myatt Drive
Madison, TN 37115**

Organization Identification Number: 465629

Evidence of Standards Compliance (60 Day) Submitted: 12/6/2017

The Joint Commission

Executive Summary

Program(s)

Ambulatory Health Care Accreditation

Submit Date

12/6/2017

**Ambulatory Health Care
Accreditation :**

As a result of the accreditation activity conducted on the above date(s),
there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care
provided to patients.

The Joint Commission

Requirements for Improvement – Summary

Program	Standard	Level of Compliance
AHC	EC.02.03.01	Compliant
AHC	EC.02.03.03	Compliant
AHC	EC.02.03.05	Compliant
AHC	EC.02.05.01	Compliant
AHC	EC.02.05.05	Compliant
AHC	EC.02.05.07	Compliant
AHC	IC.02.01.01	Compliant
AHC	IC.02.02.01	Compliant
AHC	LD.04.01.07	Compliant
AHC	LS.01.01.01	Compliant
AHC	LS.03.01.10	Compliant
AHC	LS.03.01.35	Compliant
AHC	MM.01.01.03	Compliant
AHC	TS.03.02.01	Compliant
AHC	UP.01.03.01	Compliant

Tab 17

HSDA Letter of Intent



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Sumner & Surrounding, Tennessee, on or before 06/01, 2018,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Northridge Surgery Center

an existing multispecialty Ambulatory Surgical Treatment Center (ASTC)
provider with five operating rooms and one procedure room
at 647 Myatt Drive, in Madison, TN (Davidson County),

(Name of Applicant)

(Facility Type-Existing)

owned by: Northridge Surgery Center, L.P. with an ownership type of limited partnership and to be managed by:
Surgis Management Services, Inc., a wholly owned indirect subsidiary of USPI Holding Company, Inc., intends to
file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the relocation of a multispecialty
ASTC with three operating rooms and one procedure room to a 2.2-acre site that is part of a 17-acre site at 601
Saundersville Road, in Hendersonville, TN (Sumner County). The project involves the construction of 16,500
square feet (rentable) of ASTC space. No major medical equipment is involved. The number of operating
rooms will be reduced from five to three. Total project costs are estimated to be \$17,141,813 (based partly
upon the sum of building lease payments for the initial 15 year term).

The anticipated date of filing the application is: June 1, 2018. The contact person for this project is
Corey Ridgway

(Contact Name)

Market President
(Title)

who may be reached at: United Surgical Partners International, Inc. 20 Burton Hills Boulevard, Suite 210
(Company Name) (Address)

Nashville

(City)

TN

(State)

37215

(Zip Code)

615 / 376-7300

(Area Code / Phone Number)

(Signature)

(Date)

CRidgway@uspi.com

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the
last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File
this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health
care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and
Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development
Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the
application must file written objection with the Health Services and Development Agency at or prior to the consideration of
the application by the Agency.

Tab 18

Figure 1 illustrates the steps of the proposed algorithm, showing a sequence of operations on a grid of nodes. The steps are as follows:

- Step 1: Initial state with a single node.
- Step 2: Addition of a new node.
- Step 3: Subtraction of a node.
- Step 4: Multiplication of a node.
- Step 5: Division of a node.
- Step 6: Addition of a new node.
- Step 7: Subtraction of a node.
- Step 8: Multiplication of a node.
- Step 9: Division of a node.
- Step 10: Addition of a new node.
- Step 11: Final state with a complex structure.

Evidence of Publication

THE TENNESSEAN

place an ad online 24/7 at Tennessean.com/classifieds | call 615-242-SALE

classifieds

wheels • homes • merch • announce • jobs

ALL CLASSIFIED ADS are subject to the applicable rate card, copies of which are available from our Advertising Dept. All ads are subject to approval before publication. The Tennessean reserves the right to edit, refuse, reject, classify or cancel any ad at any time. Errors must be reported in the first day of publication. The Tennessean shall not be liable for any loss or expense that results from an error in or omission of an advertisement. No refunds for early cancellation of order.

In some cases, statutes or regulations apply to advertising; you should consult a legal advisor in appropriate circumstances. We make no certifications, warranties, or representations that your advertising complies with laws. You are solely and exclusively responsible for your own advertising or advertising which you have placed.

Whats Hot
Announce
messages & notices...
Announcements

Madison North

Jackson 37 Ferndale Cove Off Greenhill Dr. Fri 4/1 and Sat 4/2 7am-1pm.

Summer County

RAIN SHINE
GALLATIN Fairvue Plantation
ANNUAL Community Sale
Sat, June 2, 8am-3pm
914 Plantation Blvd.

Multi-Family
GOODLETTSVILLE, Fri-Sat, 4/1 - 4/2
8a-2p. 329 Buffalo Run. Furn., clothes, collectibles, antiques, much more!

Great Buys
Yard Sale
neighborly deals...

Davidson East

Big Inglewood Yard Sale, 2009 Avalon Drive off Cooper Lane, Sat. Only, 8:00-4:00. Too much stuff to list!

ESTATE SALE
Thurs - Fri 8a-5p & Sat 8a-2p
May 31st, June 1st, and June 2nd
4872 WILSON FERRY
HENDERSONVILLE

Donelson Hills Neighborhood Yard Sale, Nashville, 341 Groome Dr. Saturday June 2. Multiple homes participating.

Nashville, Yard Sale, 1200 Woodland Street, Saturday, 8am to noon. Dir. on the corner of Woodland and South 12th Street. Driveaway off of 12th. (615)500-6068

Old Hickory: Brandywine Farms 209 MONTAGNAN DRIVE Thurs/Fri/Sat 9a-12p 8am-3pm Garage/Estate Sale.

Davidson North

Madison: 1021 Woods Lake Dr. Fri 4/1 & Sat 4/2 8a-4p. ESTATE SALE!!! Antiques and vintage items.

ESTATE SALE
Madison, Estate Sale, 402 Tuckahoe Dr. 5/31, 4/1, 4/2, 8a-4p. 60+ years Accumulation. Antiques & Vintage Furniture. Household Lamps, Quilts, Blue Willow Dishes, Vintage Radios & Binoculars. Garage Full. Too much to list! 615-493-6348 (615) 496-3648

Davidson Northeast

Madison, MOVING SALE!!! Off of Mayfield Dr. Saturday, June 2nd, 7am-12pm

Davidson Southwest

DAVIDSON SOUTHWEST
Nashville, Yard Sale! 5116 Franklin Road, Saturday, June 2, 2018, 7:00 A.M. To 2:00 P.M. Dir: North of Old Hickory, South of Harding on Franklin Rd. Our Savior Lutheran Church on East side of Franklin Rd. Household goods, furniture, household decor, toys, kitchen items. Money used to feed children in Haiti! (615)833-1500

Davidson West

NASHVILLE: Multi-Family Garage Sale! 586 Hightest Dr. Sat 4/2, 8am-2:30pm. Furn, vrn, china service, dog cages, kitchenware, clothing & more!

ESTATE SALE

WESSEX TOWERS ESTATE SALE, 606 BROOKMONT BRIDGE, MAY 31 - JUNE 2, 9:00 - 3:00. Mid-Century Furniture, Adrian Pearsall Sofa, Melt Breakfront, Henredon Palazzo Bedroom Suite, Drexel Heritage Dining Room Suite, Matching Chest, 250 Pieces of Art (many artist signed), Waterford, Two Sets Sterling Flatware, King Size Bed, Electric Adjustable Bed, Secretary Bookcase, WILLETTE Cherry Secretary, Costume Jewelry, Fine Jewelry, Gold Coin, ROKWOOD Bookends, Kitchen Cabinets, Designer Purses, Hand Made Oriental Carpets, see pics at Estatesales.net

Madison North

Jackson 37 Ferndale Cove Off Greenhill Dr. Fri 4/1 and Sat 4/2 7am-1pm.

Summer County

RAIN SHINE
GALLATIN Fairvue Plantation
ANNUAL Community Sale
Sat, June 2, 8am-3pm
914 Plantation Blvd.

Multi-Family
GOODLETTSVILLE, Fri-Sat, 4/1 - 4/2
8a-2p. 329 Buffalo Run. Furn., clothes, collectibles, antiques, much more!

Hendersonville, MULTI-FAMILY SALE, 209 Iv Dr. SATURDAY, JUNE 2, 2018, 7AM.

ESTATE SALE

Thurs - Fri 8a-5p & Sat 8a-2p
May 31st, June 1st, and June 2nd
4872 WILSON FERRY
HENDERSONVILLE
60+ yrs Accumulation collections, antiques, vintage, sofas, recliner, rockers, tables, chairs, King br, French br, TV, W/D, ref, formal dr, linens, silver, chnd, crystal, jewelry, TOOLS - Elec. Wood Working Tools, bookcases, cameras, electronics, albums/records, books, pvt, outdoor furniture, Kitchen FULL, Fiesta set, etc.
CASH ONLY! 615-545-7042
Southern Sister Estate Sales
See pics at estatesales.net

Williamson County

Amazon Overstock Garage Sale, 2707 Foxatrol Ln SH 37174 6/2 SAT 8-2 (no early birds) 25% NEW Household Toys Baby Gear Clothing Shoes Sports- ing Goods Sm App/Electronics Beauty Bedding Home etc search FB Marketplace615 for pics

Brentwood, HUGE Multi-Family Sale! 9473 Ashford Place/June 2, 7:30-2:00

Wilson County

Mr. Juliet Leon Russell Estate Sale, 114 Clark Dr. Thurs-Sat, 6:00-3:00, 12 Keyboards, Lots of speakers, Rod pear, Furniture, African masks, Kudu horns, long horns, Asian screens, vrn Brunswick Centennial pool table (diamond), Much more! Photos @ DOGWOODESTATESALES.COM

Other Areas

CHATTANOOGA 3217 Joselin Lane 4/1 and 4/2 7a-12p. New brand clothes, sterling silver/gold w/ry, tools, makeups

General Merchandise

CEMENTARY LOTS (4), Mt. Olivet Cemetery, section 23, lot 84. \$3,000 per lot or \$10,000 for all. 615-347-4435

CEMETERY PLOTS, Hermitage Memorial Gardens 1 Woodlawn 2. Make Offer, Call 270-421-4391

Dana Buchanan Purses \$40 - \$60 ea. 2 Pandora Bracelet's used \$40 ea. Pandora charms \$30-45 ea. 848-459-1357

General Merchandise

Kitchen Cabinets Oak Finish (Base 25/Top 20 Linear) & Formica Countertops (25 ft). Pick up after 5/31 \$1,900. Call 615-415-4731

MOVING SALE! 2 oak bookcases \$100/ea. Leather LR suite, 3-piece 4 end tables & 2 coffee tables \$1350. 8-piece King size BR suite \$2250. Octagon coffee table & 2 end tables \$200. Oak kitchen table \$350. Antique Brooklyn highchair, rocker & toy chest \$150. Samsung French door fridge \$1100. DR set, maple, 6 chairs, 2 leafs & china hutch \$1500. Troy Bill Generator \$500-\$600. Heavy Duty portable planer \$200. Craftsman air tool kit \$40. 10in drill press w/ laser track \$100. 4 sets of metal shelves \$300+. No reasonable offer refused. Call 615-822-1380

PIANO, Older upright, needs tuning, just pick it up from Cumberland Furniture Community Center, street or tax-free donation. (615)789-5536

WE BUY DIABETIC TEST STRIPS
Top Dollar for Sealed & Unexpired boxes. Call 615-622-2312

When you advertise merchandise in **The Tennessean Classifieds**, for as little as \$1 per day, you'd better be ready to part with it. Call 242-SALE or place your ad online @ www.tennessean.com

Your Source

Public Notices
for the latest...

Public Notices

General Merchandise

Premium Cultured Stone Veneer \$3.50 Soft on all flats. Our Stone veneer is lightweight and comes in a different styles and any color you choose. We also manufacture accessories to complement your stone. Check us out online at www.rocksaustonevener.com or FB... Buy direct and save. \$33.50. 429188-7207 rocksaustonevener@yahoo.com

Tickets
Titons - Buy/Sell PSLs & Tickets! PSLsource.com or 800-252-8055

Wanted to Buy

RECORDS & CDs WANTED-LP/45/78s
Personal & DJ Collections/Promo Items
Old Stock etc. CASH PAID. 615-254-6763

We Thin & Remove Your Overgrown or Unwanted Monkey Grass/Lirops
We Pay For Most Varieties
There is no charge for this service!
Call Dave at - 336-703-7122

Public Notices

Construction Notice For Peabody Place - Rolling Mill Hill Nashville, TN

Brasfield & Gorrie General Contractors is currently seeking bids from qualified subcontractors and suppliers for the Peabody Place - Rolling Mill Hill Office Building. Brasfield & Gorrie and Eakin

Continued to next column

Your Source

Public Notices
for the latest...

Public Notices

Continued from last column

Partners strongly support and promote diversity participation and encourage all interested subcontractors claiming Minority/Women/Diversified Business Enterprise status to provide proof of certification with bid and meet Brasfield & Gorrie's Subcontractor Prequalification requirements to be considered for the select bidder's list. Please reference <https://www.brasfieldgorrie.com/subcontractors-and-vendors/> for Brasfield & Gorrie's Subcontractor Prequalification Form.

1. There will be a project informational meeting on June 14, 2018, at 3:30 PM. Please meet in the lobby of Brasfield & Gorrie, 1201 Demonbreun Street, Suite 200, Nashville, TN 37203.

2. Project scope includes 5 levels of parking deck and 9 levels of core and shell office space.

Continued to next column

Public Notices

0002946876

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Northridge Surgery Center, an existing multispecialty Ambulatory Surgical Treatment Center (ASTC) provider with five operating rooms and one procedure room at 647 Mayatt Drive, in Madison, TN (Davidson County), owned by: Northridge Surgery Center, L.P., with an ownership type of limited partnership and to be managed by: Surgis Management Services, Inc., a wholly owned indirect subsidiary of USPI Holding Company, Inc., intends to file an application for a Certificate of Need for the relocation of the multispecialty ASTC with three operating rooms and one procedure room to a 2.2-acre site that is part of a 17-acre site at 601 Saundersville Road, in Hendersonville, TN (Sumner County). The project involves the construction of 16,500 square feet (rentable) of ASTC space. No major medical equipment is involved. The number of operating rooms will be reduced from five to three. Total project costs are estimated to be \$17,141,813 (based partly upon the sum of building lease payments for the Initial 15 year term).

The anticipated date of filing the application is June 1, 2018. The contact person for this project is Corey Ridgway, Market President, who may be reached at United Surgical Partners International, Inc., 200 Burton Hills Boulevard, Suite 210, Nashville, TN, 37215, 615-376-7300.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

0002945412

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Cumberland Behavioral Health, LLC ("Applicant"), 300 Great Circle Road, Nashville (Davidson County), TN 37228, with the Applicant having an ownership type of limited liability company and owned by Saint Thomas Health and Acadia Nashville JV Holdings, LLC, and to be managed by Acadia Management Company, LLC, intends to file a Certificate of Need application for the construction, development and establishment of a new psychiatric hospital comprising a total of seventy-six (76) beds, forty (40) of which will provide services for adult patients plus thirty-six (36) of which will provide services for geriatric patients. This new hospital will be located at 300 Great Circle Road, Nashville (Davidson County), TN 37228. If this project is approved and licensed, Saint Thomas West will close its twenty-four (24) bed psychiatric unit and those beds will be voluntarily surrendered, resulting in a net increase of only fifty-two (52) new hospital beds. The proposed beds in this application will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services as hospital beds. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. The estimated project cost is anticipated to be approximately \$32,216,800.00, which includes a \$95,000.00 filing fee.

The anticipated date of filing the application is: June 05, 2018. The contact person for this project is E. Graham Baker, Jr., Attorney, who may be reached at Anderson & Baker, 2021 Richard

Continued from last column

Bid Packages may include: Asphalt Paving, Hardscape, Landscape, Concrete Paving, Precast, Masonry, Steel, Millwork, Fireproofing, Spray Insulation, Waterproofing, Roofing, Doors/ Frames/ Hardware, Overhead Doors, Glass/Glazing/ Metal Panels, Drywall, Acoustical Ceilings, Flooring, Polished Concrete, Painting, Specialties

Interested parties must RSVP to Logan Hall at (615) 806-8137 or via email llhall@brasfieldgorrie.com by June 8, 2018.

the job network

jobs.usatoday.com

Continued to next column

Public Notices

0002946876

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Northridge Surgery Center, an existing multispecialty Ambulatory Surgical Treatment Center (ASTC) provider with five operating rooms and one procedure room at 647 Mayatt Drive, in Madison, TN (Davidson County), owned by: Northridge Surgery Center, L.P., with an ownership type of limited partnership and to be managed by: Surgis Management Services, Inc., a wholly owned indirect subsidiary of USPI Holding Company, Inc., intends to file an application for a Certificate of Need for the relocation of the multispecialty ASTC with three operating rooms and one procedure room to a 2.2-acre site that is part of a 17-acre site at 601 Saundersville Road, in Hendersonville, TN (Sumner County). The project involves the construction of 16,500 square feet (rentable) of ASTC space. No major medical equipment is involved. The number of operating rooms will be reduced from five to three. Total project costs are estimated to be \$17,141,813 (based partly upon the sum of building lease payments for the Initial 15 year term).

The anticipated date of filing the application is June 1, 2018. The contact person for this project is Corey Ridgway, Market President, who may be reached at United Surgical Partners International, Inc., 200 Burton Hills Boulevard, Suite 210, Nashville, TN, 37215, 615-376-7300.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

0002945412

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Cumberland Behavioral Health, LLC ("Applicant"), 300 Great Circle Road, Nashville (Davidson County), TN 37228, with the Applicant having an ownership type of limited liability company and owned by Saint Thomas Health and Acadia Nashville JV Holdings, LLC, and to be managed by Acadia Management Company, LLC, intends to file a Certificate of Need application for the construction, development and establishment of a new psychiatric hospital comprising a total of seventy-six (76) beds, forty (40) of which will provide services for adult patients plus thirty-six (36) of which will provide services for geriatric patients. This new hospital will be located at 300 Great Circle Road, Nashville (Davidson County), TN 37228. If this project is approved and licensed, Saint Thomas West will close its twenty-four (24) bed psychiatric unit and those beds will be voluntarily surrendered, resulting in a net increase of only fifty-two (52) new hospital beds. The proposed beds in this application will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services as hospital beds. There is no major medical equipment involved with this project. No other health services will be initiated or discontinued. The estimated project cost is anticipated to be approximately \$32,216,800.00, which includes a \$95,000.00 filing fee.

The anticipated date of filing the application is: June 05, 2018. The contact person for this project is E. Graham Baker, Jr., Attorney, who may be reached at Anderson & Baker, 2021 Richard



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Corey Ridgway
United Surgical Partners International, Inc.
20burton Hills Boulevard, Suite 210
Nashville, TN 37215

RE: Certificate of Need Application – Northridge Surgery Center - CN1806-023

The relocation of an existing multi-specialty ASTC with five operating rooms located at 647 Myatt Drive in Madison (Davidson County), TN to a new replacement facility with 3 operating rooms and 1 procedure room to be constructed on a 1.87 acre tract of a larger 17.8 acre tract located in the Indian Lake Village re-subdivision on Saundersville Road in Hendersonville (Sumner County), TN. The applicant is owned by Northridge Surgery Center, LP. Entities and persons with 5% or more ownership in Northridge Surgery Center, LP includes Saint Thomas/USP Surgery Centers II, LLC (71.34%) and Piedmont Partners, LLC (8%). The remaining 20.66% ownership interests consists of various physicians and physician practices, with no entity having 5% or more ownership share. The estimated project cost is \$17,141,813.00.

Dear Mr. Ridgway:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health, Division of Policy, Planning, and Assessment for Certificate of Need review. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on August 1, 2018. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on October 24, 2018.

Mr. Ridgeway
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie M. Hill". The signature is fluid and cursive, with the first name "Melanie" being more prominent than the last name "Hill".

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: August 1, 2018

RE: Certificate of Need Application
Northridge Surgery Center - CN1806-023

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on August 1, 2018 and end on October 1, 2018.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Corey Ridgway



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Sumner & Surrounding, Tennessee, on or before 06/01, 2018,
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Northridge Surgery Center

an existing multispecialty Ambulatory Surgical Treatment Center (ASTC)
provider with five operating rooms and one procedure room
at 647 Myatt Drive, in Madison, TN (Davidson County),

(Name of Applicant)

(Facility Type-Existing)

owned by: Northridge Surgery Center, L.P. with an ownership type of limited partnership and to be managed by: Surgis Management Services, Inc., a wholly owned indirect subsidiary of USPI Holding Company, Inc., intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the relocation of a multispecialty ASTC with three operating rooms and one procedure room to a 2.2-acre site that is part of a 17-acre site at 601 Saundersville Road, in Hendersonville, TN (Sumner County). The project involves the construction of 16,500 square feet (rentable) of ASTC space. No major medical equipment is involved. The number of operating rooms will be reduced from five to three. Total project costs are estimated to be \$17,141,813 (based partly upon the sum of building lease payments for the initial 15 year term).

The anticipated date of filing the application is: June 1, 2018. The contact person for this project is Corey Ridgway

(Contact Name)

Market President
(Title)

who may be reached at: United Surgical Partners International, Inc. 20 Burton Hills Boulevard, Suite 210
(Company Name) (Address)

Nashville
(City)

TN
(State)

37215
(Zip Code)

615 / 376-7300
(Area Code / Phone Number)

[Signature]
(Signature)

6/1/2018
(Date)

CRidgway@uspi.com
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1 (Original)

Northridge Surgery
Center, LP

CN1806-023

July 25, 2018

4:19 P.M.

July 25, 2018

Hand Delivery

Philip Grimm, HSD Examiner
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1806-023
Northridge Surgery Center

Relocation of an Existing Ambulatory Surgical Treatment Center (ASTC)

Dear Mr. Grimm:

Thank you for your letter of June 22, 2018 confirming receipt of our application for a Certificate of Need for the relocation of an existing multi-specialty ambulatory surgical treatment center (ASTC) with five operating rooms located at 647 Myatt Drive in Madison (Davidson County), Tennessee, to a new replacement facility with three operating rooms and one procedure room to be constructed on a 1.87 acre site that is part of an undeveloped 17.08 acre tract, located at 601 Saundersville Road in Hendersonville (Sumner County), Tennessee.

As requested, the supplemental responses herein are provided in triplicate, along with a notarized affidavit.

1. Section A, Applicant Profile, Item 1

It appears that the address set forth in the response is not the address of the proposed replacement facility at its new site in Hendersonville (Sumner County) as reflected in the published Letter of Intent and other areas of the application. Please revise and submit a replacement page R-1 with your response.

Response: Replacement page 1 is submitted in **Attachment A** to reflect the proposed new location of the applicant.

2. Section A, Executive Summary, Item 3 (Service Area Description)

Please note that the narrative under the Response heading indicates that the proposed new replacement ASTC will be located in Zipcode 37260 approximately 9.5 miles from the applicant's existing facility in Madison, Zipcode 37115 (Davidson County). However, the

proposed site in Zipcode 37260 appears to be different from the site's location in Hendersonville, Zipcode 37075, that is noted in other places of the application – e.g. the comments provided for Item 1 on page 2 and other comments on page 3. Please clarify. If in error, please revise and submit a replacement page 3-R with your response.

Response: This page contained a typographical error. Please refer to replacement page 3 in **Attachment B**.

3. Section A, Project Details, Item 4.B and Tab 2, Name of Owner

The name and address of the owner, Northridge Surgery Center, a Tennessee Limited Partnership formed in December, 2001, is noted.

Review of the documentation provided in Tabs 1 and 3 revealed that the owner may have originally been formed under a different name – New Rivergate Surgery Center, L.P. Please clarify by identifying the date of the name change and documentation from TSS that reflects acknowledgment/approval of same.

Response: In response to your request, the applicant submits the following documents under **Attachment C**:

Item	Date	Description
Certificate of Limited Partnership	12/27/2001	For New Rivergate Surgery Center, LP – general partner is Surginet of Rivergate, Inc.
Northridge Name Change	03/15/2002	New Rivergate Surgery Center, LP changed to Northridge Surgery Center, LP
Amendment to Certificate	07/01/2006	For Northridge Surgery Center, LP – Surginet of Rivergate, Inc. withdraws and Saint Thomas/USP Surgery Centers II, LLC added as general partner

Consequently, these documents complete the series of transactions which will inform the reader how New Rivergate Surgery Center, LP, became Northridge Surgery Center, LP, along with the changes in General Partner.

Under Tab 1 of Attachments in the original CON application, six different documents were provided. The first two documents we provide here follow the first document in Tab 1: Agreement of Limited Partnership for New Rivergate Surgery Center, LP. The third document provided here corresponds to the last document under Tab 1: Third Amendment, Northridge Surgery Center, LP.

Please submit an organizational chart for the owner showing the names of the General Partner and other members that have a 5% or higher direct and/or indirect ownership

interest in Northridge Surgery Center, L.P. as identified in Item 2 on page 3 of the application.

Response: An ownership organizational chart is provided in **Attachment D** showing names and direct and indirect ownership percentages of the relevant entities of 5% or more.

Please briefly describe the responsibilities and duties of the Governing Body, if any, for oversight of administrative, financial and clinical operations of the ASTC. In your response, please also provide a copy of the By-Laws for Northridge Surgery Center, L.P. that might help facilitate HSDA staff's understanding of the roles of the Governing Body and General Partner and the process pertaining to the appointment of Officers and Directors of the owner entity.

Response: Under the preceding items of response the applicant has documented its ownership and that Saint Thomas/USP Surgery Centers II, LLC is the General Partner. These owners are the Governing Body. Secondly, in Tab 2 of the CON attachments, the organizational chart shows that operations are governed by a Medical Executive Committee ("MEC").

Now under **Attachment E**, the applicant has provided a policy outlining the role of the Governing Body. Various functions and responsibilities are listed and references are made to the Medical Executive Committee. The first function listed is having "overall responsibility, authority, and direction for the operation and management" of Northridge Surgery Center. Taken together, the applicant has documented the ownership parties which constitute the Governing Body and how it relates to the oversight of the applicant, including the clinical operations of the facility.

The comments in Item 4 on page 5 of the application indicate that Northridge is part of a larger family of existing ASTCs that benefit from a Saint Thomas Health and USPI partnership. Please identify the names, addresses, and license# of the ASTCs in Tennessee that apply to same.

Response: The other ASTCs that benefit from a Saint Thomas Health and USPI partnership are:

License #	Name	Address
00000095	Saint Thomas Surgery Center-Clarksville	793 Weatherly Drive, Clarksville
00000190	Franklin Surgery Center	9160 Carothers Pkwy, Ste 100, Franklin
00000197	Lebanon Endoscopy Center	100 Physicians Way, Suite 340, Lebanon
00000186	Patient Partners Surgery Center	8910 North Blue Jay Way, Gallatin

License #	Name	Address
00000199	Providence Surgery Center	5002 Crossings Circle, Suite 110, Mt. Juliet
00000106	Middle Tennessee Ambulatory Surgery Center	1800 Medical Center Pkwy, Suite 120, Murfreesboro
00000210	Mid-State Endoscopy Center	1115 Dow Street, Suite A, Murfreesboro
00000065	Physicians Pavilion Surgery Center	545 Stonecrest Pkwy, Smyrna
00000089	Baptist Ambulatory Surgery Center	312 21 st Ave N, Nashville
00000013	Eye Surgery Center of Nashville	310 25 th Ave N, Nashville
00000157	Saint Thomas Surgery Center - Midtown	2004 Hayes St, Suite 450, Nashville
00000143	Saint Thomas Surgicare	4230 Haring Pike, Suite 300 Plaza East, Nashville
00000148	Tullahoma Surgery Center	725 Kings Lane, Tullahoma

4. Section A, Project Details, Item 5.A Name of Management/Operating Entity

Review of the Management Agreement revealed that facility was originally managed by Surginet Management Services, Inc. What relationship, if any, does this entity have to Surgis Management Services, Inc. as identified in the response for Item 5 on page 6 of the application? Please clarify.

Response: As stated in the CON application, the applicant is managed by Surgis Management Services, Inc. ("Surgis"). Surgis is a wholly owned, indirect subsidiary of USPI Holding Company, Inc. Prior to that, the entity preceding the applicant, New Rivergate Surgery Center, LP, was managed by Surginet Management Services, Inc. ("Surginet"). Surginet was also the General Partner of New Rivergate Surgery Center, LP.

As shown under the Response to Item 3 and in **Attachment C**, Surginet was removed as General Partner and Saint Thomas/USP Surgery Centers II, LLC was added as General Partner of Northridge Surgery Center, LP in July 2006.

In your response please provide the following:

- (a). Documentation from Tennessee or other state (as appropriate) that identifies the corporation's current status and the date formed.*
- (b). Names, addresses and license #s of other ASTCs operated by the manager in Tennessee*

Response: The applicant provides in **Attachment F** two documents that substantiate the change of name from Surginet Management Services, Inc. to Surgis Management Services, Inc. The first document is from the Tennessee Secretary of State website that outline various transactions. On page 2 is shown

the Name Change to Surgis Management Services, Inc. on November 26, 2002. Secondly, we provide a document from USPI to the Internal Revenue Service that again states the name change and references the Tennessee Secretary of State. This was accepted by the IRS.

Other than the applicant, there no other ASTCs in Tennessee that are operated by Surgis Management Services, Inc.

5. Section A, Project Details, Item 6.A. and 6.B (1)

Item 6.A. Legal Interest in Site

The response for this item and other parts of the application such as the Base rent Chart on page 24 and the Project Costs Chart on page 26, reflect that the applicant, Northridge Surgical Center, LP, plans to lease the facility. However, a fully executed option to lease is missing in Tab 4. Please provide a fully executed option to lease agreement between the applicant and lessor (landlord) that identifies the names of the parties, the term, total lease amount, and effective/expiration dates of the agreement.

Response: A fully executed option to lease is provided in **Attachment G**. OGA Acquisitions, LLC, is the landlord, and the applicant (Northridge Surgery Center) is the tenant. The term is for fifteen (15) years, and the expiration date of the option is November 21, 2018. The total lease amount of \$11,784,272 plus the remaining lease amount of \$202,470 for the existing facility in Madison equals \$11,986,742. This last figure ties to line B.1 on CON page 26, which is the total facility costs of the proposed project.

Per review of the "Consulting Agreement" in Tab 4 between Oman Gibson Associates, LLC and USP Tennessee, Inc, it appears that USP has either an option to either purchase and develop the site or lease it from OGA. As such, it is unclear which party will lease the site and facility to Northridge Surgery Center, L.P for its use an ASTC. Please clarify. In your response, please also clarify the relationship of the parties in the Consulting Agreement to the applicant.

Response: An executed option to lease is provided in **Attachment G**, reflecting the choice of one of the two options originally referenced in the "Consulting Agreement" in Tab 4 of the CON application attachments.

Tab 4 also includes a copy of a non-binding letter of intent dated May 9, 2018 between OGA Acquisitions, LLC (buyer) and Lawrence Group Holdings (seller) for the purchase at an amount of \$936,757.80 for an undeveloped 1.87 acre tract of a larger 17.805 acre tract located in the Indian Lake Village re-subdivision on Saundersville Road in Hendersonville. Please clarify by briefly summarizing the plans for acquiring and

developing the proposed 2.2 acre site for the applicant's replacement ASTC. In your response, please identify the expiration date of the non-binding LOI.

Response: The seller of the land for the proposed project will subdivide a parcel from the original 17.08 acre site. At the time of CON application filing, the seller intended the subdivided parcel to include 2.2 acres. Subsequently, an environmental easement for a stream was discovered. After consulting with county officials, it was determined that not all of the 2.2 acres could be built upon. Therefore, the seller has agreed to subdivide a smaller 1.87 acre portion of the same plot to the applicant.

Please provide a copy of a title or deed that documents current ownership of the 2.2 acre site planned for the applicant's replacement ASTC facility.

Response: In Tab 4 of the attachments of the CON application, the applicant provided a letter of intent for purchase of the 1.87 acre tract by the landlord, OGA Acquisitions, LLC with Lawrence Group Holdings. Here and elsewhere in this response, the applicant clarifies that the actual tract of land purchased is not 2.2 acres, but 1.87 acres.

In **Attachment H**, the applicant provides a 2014 document showing current ownership of the 17.08 acre tract, which is a partnership consisting of Lawrence IL Holdings, LLC and JCBD Investments, LLC. Lawrence Group Holdings, LLC has the full authority to act on behalf of the stated legal owners of the land. Otherwise, the applicant does not have a documented history for this party, which has no affiliation to the applicant or its parent entity(ies).

Item 6.B. Plot Plan (Tab 5).

The acreage of the site is missing from the plot plan in the attachment. Based on the size of the structure and # parking spaces, it appears the plot plan pertains only to the 2.2 acre site that is part of a 17 acre site at 601 Saundersville Road in Hendersonville, as identified in the published Letter of Intent for the CON application. Please clarify.

Response: The Plot Plan (Tab 5) of the original, proposed site was identified as 2.2 acres in the upper, right corner. The hatched line within the site denoted the 1.87 acre site that has been agreed upon for purchase. This 2.2 acre site is part of a larger 17.08 acre tract.

In your response, please revise and submit a replacement plot plan with the size of the site noted in acres and the names of all streets, roads, or highways that cross or border the site.

Response: Please refer to **Attachment I** for the plot plan of this 1.87 acre site. This acreage is clearly marked as being part of the original 2.2 acre site. The 0.33 acres is clearly noted that this portion will be still owned by the original owners. Saundersville Road is noted along the bottom.

Please provide a plot plan for the larger 17.08 acre tract that contains the 2.2 acre site planned for the applicant's replacement ASTC.

Response: Please refer to **Attachment J** for a plot plan of the 17.08 acre tract, showing acreage and the roads and streets that border this tract. Located on this tract is the parcel pertaining to the applicant. This parcel has hatched lines that show the flood plain area, which will continue to be owned by the original owners. The orientation of the building on this parcel is not accurate, since this was a preliminary drawing. The correct orientation of the building is shown on the 1.87 acre plot plan in **Attachment I**.

6. Section A, Project Details, Item 12 Square Footage and Cost Per Square Footage Chart

Please provide a brief description of the 16,500 SF building that will be constructed with brief comparison and/or contrast to key features of the applicant's existing ASTC facility in Madison (e.g. age of building, # floors/rooms, patient areas, fire protection systems, etc.).

Will the building be designed for possible future expansion vertically or horizontally?

Response: The proposed 16,500 square foot, one-story building will be newly constructed and will contain three Operating Rooms, one Procedure Room, and the necessary space to accommodate today's more complicated outpatient surgical care patients for pre-operative care, post-operative care, staff functions, patient and family waiting areas, support space, and storage for equipment and supplies.

Northridge Surgery Center opened July of 1985 at the Myatt Drive location. It is a 12,663 square foot building with 5 operating room suites and 2 procedure rooms. The building was certainly built to health care facility standards in 1985. However, over the years with the improved technology and increased requirements for surgical equipment, the smaller size of the operating rooms has begun to compromise our ability to meet and exceed the high standards for infection prevention and patient safety goals. Also, our preoperative area is one which challenges the ability to provide ease of care to our patients from a size limiting perspective in the preoperative and postoperative bays. We are also experiencing increasing costs related to the upkeep of the significantly aging building itself as well as the HVAC, boiler, etc.

The new facility will address the operating room and preoperative size and we will be able to accommodate the patient population with the expanding and more complex procedures which will satisfy our standards for high quality and infection prevention aspects of these procedures.

The facility of the proposed project is not designed to be expanded horizontally or vertically. All of the buildable area of the 1.87 acre tract is used in this proposal.

*The total construction cost of \$6,847,500 in the chart is different than the \$3,450,000 construction cost in Section A, Line 5 of the **Project Costs Chart** on page 26 of the application. For CON purposes, it is unclear which amount is the correct for this project. Please explain. If the Square Footage and Cost per Square Footage Chart is in error, please revise and submit a replacement page R-11 with your response.*

Response: The Square Footage and Cost Per Square Footage Chart on page 11 is correct and reflects the turnkey facility amount to the Applicant. The Landlord is presenting this financial term where construction, fees, build-out, and other items are included.

7. Section B, Need, (Specific Criteria -ASTC)

As noted on page 13, the applicant states that no service-specific standards apply to the project based on the proposed relocation of an existing ASTC and the reduction of operating rooms from 5 to 3 rooms. However, HSDA staff believes that the relocation of the facility from Davidson to Sumner County constitutes a significant change for purposes of orderly development. As such, please provide responses to the project specific criteria for ASTCs as posted on the HSDA website. For your convenience, the ASTC criteria are provided as an attachment to this HSDA staff questionnaire.

Response: Please refer to **Attachment K** for the responses to the ASTC project specific criteria.

8. Section B, Need, Item C (Service Area).

The table in the response on page 15 is noted. In 2017, the applicant identified 2,320 total unduplicated patients. Review of the response in the table provided on page 23 of the application also revealed that 2,820 total surgical cases were performed at the existing facility in 2017. Please expand the table on page 15 by adding a column that identifies the # cases for 2017 by county of residence and submitting as replacement page R-15.

Response: Please see **Attachment L** for replacement page 15 that also shows total surgical cases by county of patient residence.

9. Section B, Need, Item E (Existing Services)

Please complete the following chart using JAR data.

Response: Data has been entered into the following tables (3).

ASTC	2015				2016				2017			
	# ORs	OR Cases	# PRs	Cases	# ORs	OR Cases	# PRs	# PR Cases	# ORs	# OR Cases	# PRs	# PR Cases
Northridge SC	5	1766	2	538	5	2171	2	313	5	2587	1	233
Green Surgery Center,	1	739	1	285	1	711	1	228	1	662	1	234
Indian Lake Surgery Center	2	720	1	56	2	894	1	109	2	770	1	20
Patient Partners	2	1372	2	3167	2	1472	2	3141	2	1376	2	3289
Total/Average	10	4597	6	4046	10	5248	6	3791	10	5395	5	3776

Please complete the following table using 2017 Joint Annual Report Data.

ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum	# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Northridge SC	5	2587	517	58.5	1	233	233	12.5
Green Surgery Center,	1	662	662	74.9	1	234	234	12.5
Indian Lake Surgery Center	2	770	385	43.6	1	20	20	1.1
Patient Partners	2	1376	688	77.8	2	3289	1644	88.1
Grand Total/Average	10	5395	540	61.0	5	3776	755	40.4

Please provide the 4 county service area hospital outpatient surgical utilization from the latest three year period in the following table:

County	Hospital	2014 Cases	2015 Cases	2016 Cases **	% Change 2014-2016
Davidson	Metro Nashville General Hospital	2,989	2,707	1,532	(48.7%)
	Saint Thomas - Spinal Surgery	2,387	2,270	2,505	4.9%
	Saint Thomas - Midtown	5,832	5,556	5,954	2.1%
	Saint Thomas - West	3,375	3,699	3,990	18.2%
	TriStar Centennial	8,935	13,155	15,802	76.9%
	TriStar Skyline	2,120	2,319	3,838	81.0%
	TriStar Southern Hills	2,456	2,412	2,348	(4.4%)
	TriStar Summit	2,868	3,119	3,110	8.4%

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County	Hospital	2014 Cases	2015 Cases	2016 Cases **	% Change 2014-2016
	Vanderbilt Medical Center	30,752	33,575	35,724	16.2%
	SUBTOTAL	61,714	68,812	74,803	21.2%
Robertson	NorthCrest Medical Center *	4,689	4,892	4,892	4.3%
	SUBTOTAL	4,689	4,892	4,892	4.3%
Sumner	Sumner Regional Medical Center	3,434	3,378	2,654	(22.7%)
	TriStar Hendersonville Med Ctr	2,965	2,444	2,822	(4.8%)
	SUBTOTAL	6,399	5,822	5,476	(14.4%)
Wilson	University Medical Center	4,427	9,427	2,519	(43.1%)
	SUBTOTAL	4,427	9,427	2,519	(43.1%)
	TOTAL	77,229	85,575	87,690	13.5%

Source: JAR survey data; * used 2015 data for 2016 data that was not reported; ** for 2016, the survey form changed, cases from Endoscopy and Pain Management specialties were removed to reflect only Operating Room utilization.

In your response, please briefly describe the impact, if any, this project will have on the utilization of hospital surgical suites in the 4 county service area.

Response: Hospital outpatient surgery utilization data reflects an overall 13.5% increase from providers in the four-county service area of the applicant. Sumner County hospitals have experienced a decline of 14.4% during this time. This decline has occurred during a time of large population growth – historical and forecasted. It is probable that many Sumner County residents travel outside of Sumner County for care for outpatient surgery, in a similar fashion to three modes of outpatient care for which there is data – CT Scan, linear accelerator, and MRI services.

Provider Location	CT Scan	LINAC	MRI
In Sumner County	34,309	3,294	8,326
Outside Sumner County	17,167	3,797	8,536
TOTAL	51,476	7,091	16,862
Portion Served in Sumner County	66.6%	46.4%	49.4%

Source: 2016 Medical Equipment Registry.

Sumner County also has relatively few ASTC operating rooms to its total population – as shown in the CON application and the following table. Relocating a short distance away from the existing site, but in Sumner County, will help residents access surgical care within their county instead of traveling to providers in other counties.

County	ASTC ORs	Population	ORs per 100k Population
Davidson	63	689,338	9.14
Robertson	0	75,017	0.00
Sumner	5	181,647	2.75
Wilson	3	131,486	2.28
Tennessee	287	6,886,441	4.17

Sources: JAR survey data; UT-CBER, reassembled by TN DOH, 2017 Revisions (05/2017).

For several reasons the proposed project does not adversely affect existing providers in Sumner County. First, the proposed project reduces the number of ASTC operating rooms in the four-county service area, and available to Sumner County residents, in particular. Secondly, strong population growth in the area provide hospital and ASTC providers with opportunity for growth in services. And lastly, Sumner County residents already experience a relative deficit of ASTC operating rooms available to them within the county. This proposed project will continue to serve the residents of Davidson, Robertson, Sumner, and Wilson Counties in a similar fashion to its current location, but in a facility and location that will be more appealing and effective in complete patient care and satisfaction.

10. Section B, Economic Feasibility, Item A.1 (Project Costs Chart)

The chart is noted. Please explain why the \$3,450,000 construction cost in line A.5 differs from the \$6,847,500 total cost identified in the architect's letter. If in error, please revise the Project Costs Chart and submit as replacement page R-26.

Response: The original page 26 contained a typographical error. Line A.5 should be zero. The Total Project Cost amount is correct, as stated. A replacement page 26 is provided in **Attachment M**.

Although this was not requested, we are also providing a replacement page 24 in **Attachment N**. The final figure on this corrected page now ties to Line B.1 on replacement page 26.

11. Section B, Economic Feasibility, Item 2 (Funding)

Please provide a funding letter that documents the developer's (Oman Gibson Associates, LLC) ability to fund its acquisition of the 2.2 acre site from the current property owner at a cost of approximately \$936,758 (as identified in Tab 4) and construct the replacement

ASTC for approximately \$6,847,500 (as identified in the Project Costs Chart on page 26 and the architect letter in Tab 8).

Response: Attachment O contains a letter from Pinnacle Financial Partners attesting to the financial resources of Oman Gibson Associates.

Excluding the estimated lease cost of \$11,986,742 in Line B.1 of the Project Costs Chart, it appears that the applicant's out of pocket cost to fund the project amounts to approximately \$5,155,000.00. Given the applicant's funding support from Pinnacle Financial Partners (approximately \$1.85 million) and Saint Thomas Health (\$306,600), there appears to be a shortfall to adequately fund the project. Please clarify.

Response: The project is fully funded through the existing letters of funding commitment shown under Tab 13 in the CON application Attachments. The following table will clearly illustrate.

Funding Source	Where	Amount
Pinnacle Financial Partners	Tab 13: CON appendices	\$1,850,000
Saint Thomas/USP Surgery Centers II, LLC	Tab 13: CON appendices, Cash on-hand	306,600
Saint Thomas/USP Surgery Centers II, LLC	Tab 13: CON appendices, Account at USPI	1,641,685
Existing Assets	Internal balance sheet, not shown	1,766,097
TOTAL		\$5,564,382

In replacement page 26, line A.5 was changed to zero (amount omitted) due to a typographical error – as discussed in a preceding item. The Total Project Cost remained at \$17,141,813. As noted above, the line B.1 on page 26 in the amount of \$11,986,742 was the turnkey facility cost that is covered by lease payments. The difference between the Total Project Cost and line B.1 was \$5,155,071. The funding sources as reflected in the preceding table exceeded the final Total Project Cost amount by \$409,311, once all costs were finalized.

The funding letters in Tab 13 reflect the amounts listed in this table. Not discussed in detail previously was the balance sheet values of the existing equipment that will be used in the new location. The amount of \$1,766,097 was taken from Northridge Surgery Center's Balance Sheet and corresponds to the equipment that will be taken to the Saundersville Road facility. The type of equipment included consists of, but is not limited to, surgical instruments, stretchers, tables, lights, and other moveable equipment and furnishings.

In your response, please provide a funding letter(s) to support the availability of additional funding needed for the project.

Response: This is not needed given our response above.

12. Section B, Economic Feasibility, Item D (Projected Data Chart)

Comparison of the chart to the applicant's Historical data Chart on page 28 of the application revealed some significant projected increases from the 2017 fiscal year period to Year 1 of the project (2020) for total gross operating revenue (\$8.7million) and total operating expenses (\$1.72million) resulting in a favorable net income increase of \$133,620 during the period.

With the proposed reduction from 5 to 3 operating rooms, please briefly discuss the key reasons for increases in both gross operating revenue and total operating expenses.

Response: The projected surgical case volumes of the proposed project are 36% higher in 2021 (Year 2) than in 2017. The complexity of these surgical cases will also continue to increase, especially with the introduction of new types of cases – such as with total joint replacement cases. Various types of operational costs will increase as a result: staff required, medical supplies, and charges and reimbursement levels. The fact that this proposed project reduces the number of ORs from five to three does not reduce operating costs. Operating costs are a function of surgical cases and facility/management overhead. Underutilized ORs represent the same cost as fully utilized rooms, from an overhead or leasing perspective.

13. Section B. Orderly Development, Items A and D. 2 (licensure surveys)

Item A: Please describe the applicant's arrangements for a hospital transfer agreement(s) at the ASTC's new location in Sumner County.

Response: Hospital transfer agreements with TriStar Skyline and TriStar Hendersonville are provided in **Attachment P**. These are existing, active, and will continue after the proposed relocation to the new facility.

Item D.2: Documentation of the applicant's current licensure by the Tennessee Department of Health is noted. Per review of the TDH website, it appears that the applicant's most recent survey occurred in June 2015. Please provide a copy of the survey deficiencies, if any, with provider plan of correction and a copy of a letter from TDH stating that the plan of correction was accepted.

Response: The June 2015 survey findings of no deficiencies and the current facility license is provided in **Attachment Q**.

14. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually on whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

- (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;*
- (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;*
- (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;*
- (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;*
- (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;*
- (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;*
- (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.*
- (h) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.*

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1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects.

For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

Response: The applicant verifies and acknowledges that it will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon items (14)(a) through (14)(h), as provided above.

Should you have any questions or require additional information, please do not hesitate to contact me.

A notarized affidavit is provided as **Attachment R**.

Sincerely,


Corey Ridgway
Market President

attachments

ROSTER OF ATTACHMENTS

Attachment	Title
A	CON Replacement Page 1
B	CON Replacement Page 3
C	Applicant/Owner Identification
D	Organization Chart of Owners and Ownership Interest
E	Applicant Governing Body and Duties
F	Management Company Name Change
G	Site Entitlement: Applicant Lease Option with Landlord
H	Site Entitlement: Title/Deed Ownership
I	Plot Plan: 1.87 acre site
J	Plot Plan: 17.08 acre site
K	ASTC Project Specific Criteria response
L	CON Replacement Page 15
M	CON Replacement Page 26
N	CON Replacement Page 24
O	Funding Letter for landlord real estate purchase
P	Hospital Transfer Agreements
Q	2015 Survey Letter and License
R	Affidavit

Attachment A

CON Replacement Page 1



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

Supplemental #1

July 25, 2018

4:19 P.M.

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Northridge Surgery Center

Name

601 Saundersville Road

Street or Route

Sumner

County

Hendersonville

City

Tennessee

State

37075

Zip Code

Website address: www.northridgesc.com

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2. Contact Person Available for Responses to Questions

Corey Ridgway

Name

Market President

Title

United Surgical Partners International, Inc.

Company Name

CRidgway@uspi.com

Email address

20 Burton Hills Boulevard, Suite 210

Street or Route

Nashville

City

TN

State

37215

Zip Code

Parent of Management Company

Association with Owner

(615) 376-7300

Phone Number

(615) 825-0024

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

Attachment B

CON Replacement Page 3

July 25, 2018

4:19 P.M.

- Practice Consolidation and Growth. Tennessee Orthopaedic Associates (“TOA”), long aligned with United Surgical Partners, Inc. (“USPI”) and Saint Thomas Health, is constructing an office building next to the Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.
- Population Growth. The Northridge four-county service area has projected growth rates through 2022 that exceed the State of Tennessee average, helping to further support this proposed project that actually reduces the number of Operating Rooms in the HSDA inventory.

2) Ownership structure;

RESPONSE: Entities and persons with more than 5% ownership in the Northridge Surgery Center, L.P. entity are: Saint Thomas / USP Surgery Centers II, LLC, 71.34%; and Piedmont Partners, L.L.C., 8.00%. The remaining 20.66% of ownership interest is distributed among various physicians and physician groups with no entity having 5.0% or more ownership share.

3) Service area;

RESPONSE: Northridge will continue to serve a four-county service area consisting of Sumner, Davidson, Robertson, and Wilson Counties. The relocation of the Northridge Surgical Center is 9.5 miles driving distance to the east, from ZIP code 37115 to the adjoining ZIP code 37075. Since the straight-line distance is smaller, the service area will not change even though the relocation is from Davidson County to Sumner County.

To summarize and illustrate this point:

1. Northridge is in ZIP code 37115, its fourth largest ZIP code referral source, from which it received 184 patients in 2017
2. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017
3. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075 but not to 37115
4. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest zip code referral sources, 37075 and 37066, while still serving its other existing patient populations

4) Existing similar service providers;

RESPONSE: The proposed project will not have a negative effect on existing providers. The practice growth of TOA surgeons and the consolidation of TOA surgeries from other USPI/Saint Thomas centers will support the projected growth. The other USPI/Saint Thomas centers that will be minimally affected are in Gallatin and Nashville (Baptist). The number of operating rooms (“ORs”) will decrease from five to three ORs. The slight decompression at these related facilities in Davidson and Sumner Counties will enable backfill growth from other surgeons in those markets.

Attachment C

Applicant/Owner Identification

July 25, 2018

4:19 P.M.

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 12/27/01
REQUEST NUMBER: 4371-1452
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 12/27/01 1250
EFFECTIVE DATE/TIME: 12/27/01 1250
CONTROL NUMBER: 0419152

TO:
BOULT CUMMINGS CONNERS & BERRY
P.O. BOX 198062

NASHVILLE, TN 37219

Davidson County CHARTER
Recvd: 12/28/01 12:05 3pgs
Fees: 7.00 Taxes: 0.00



20011228-0143648

RE:
NEW RIVERGATE SURGERY CENTER, L.P.
CERTIFICATE OF DOMESTIC LIMITED PARTNERSHIP

CONGRATULATIONS UPON THE FILING OF THE ATTACHED LIMITED PARTNERSHIP,
PURSUANT TO THE TENNESSEE REVISED UNIFORM PARTNERSHIP ACT, WITH AN
EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CONTROL NUMBER GIVEN ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE RECORDED IN THE
OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED PARTNERSHIP
HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: CERTIFICATE OF DOMESTIC LIMITED PARTNERSHIP

ON DATE: 12/27/01

FROM:
BOULT, CUMMINGS, CONNERS & BERRY
P. O. BOX 198062

NASHVILLE, TN 37219-0000

	FEE	
RECEIVED:	\$100.00	\$0.00
TOTAL PAYMENT RECEIVED:	\$100.00	

RECEIPT NUMBER: 00002974871
ACCOUNT NUMBER: 00000413



SS-4458

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

July 25, 2018

4:19 P.M.

CERTIFICATE OF LIMITED PARTNERSHIP OF
NEW RIVERGATE SURGERY CENTER, LP

FILED

01 DEC 27 11:12:50

This Certificate of Limited Partnership (the "Certificate") of New Rivergate Surgery Center, LP, a Tennessee limited partnership (the "Partnership"), is made as of this 27th day of December, 2001, by Surginet of Rivergate, Inc., a Tennessee corporation, as the General Partner.

The General Partner hereby certifies as follows:

1. The name of the Partnership is New Rivergate Surgery Center, LP.
2. The complete street address of the registered office and the name of the registered agent required to be maintained in Tennessee are as follows:

The registered office is:

414 Union Street
Suite 1600
Nashville, Tennessee 37219
Davidson County.

The name of the registered agent of the Partnership at such address is:

John W. Titus.

3. The street address of the principal office of the partnership is as follows:

30 Burton Hills Boulevard
Suite 450
Nashville, Tennessee 37215
Davidson County.

4. The name and business address of the General Partner are as follows:

Surginet of Rivergate, Inc.
30 Burton Hills Boulevard
Suite 450
Nashville, Tennessee 37215.

5. This Certificate shall be effective upon its filing with the Secretary of State of the State of Tennessee.

4-3-1 1-4-5

Supplemental #1

July 25, 2018

4:19 P.M.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the day and year first above written.

SURGINET OF RIVERGATE, INC.
the General Partner

By: Joseph C. Hutt
Printed Name: Joseph C. Hutt
Title: President

July 25, 2018

4:19 P.M.

Box 3 /
L. Finley

Secretary of State
Division of Business Services
312 Eighth Avenue North
6 floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 03/15/02
REQUEST NUMBER: 4446-1806
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 03/15/02 1314
EFFECTIVE DATE/TIME: 03/15/02 1630
CONTROL NUMBER: 0419152

TO:
HOULT CUMMINGS CONNERS & BERRY PLC
PO BOX 198062

NASHVILLE, TN 37219

Davidson County CHARTER
Recvd: 03/18/02 13:43 2pgs
Fees: 7.00 Taxes: 0.00



20020318-0033544

RE:
NORTHEDGE SURGERY CENTER, L.P.
CERTIFICATE OF AMENDMENT - DOMESTIC
LIMITED PARTNERSHIP

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN
EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CONTROL NUMBER GIVEN ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE RECORDED IN THE
OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED PARTNERSHIP
HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: CERTIFICATE OF AMENDMENT - DOMESTIC
LIMITED PARTNERSHIP

ON DATE: 03/15/02

FROM:
HOULT, CUMMINGS, CONNERS & BERRY
P. O. BOX 198062

NASHVILLE, TN 37219-0000

	Fees	\$0.00
RECEIVED:	\$20.00	\$0.00
TOTAL PAYMENT RECEIVED:		\$20.00

RECEIPT NUMBER: 00003032615
ACCOUNT NUMBER: 00000413



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

July 25, 2018

4:19 P.M.

AMENDMENT TO THE
CERTIFICATE OF LIMITED PARTNERSHIP OF
NEW RIVERGATE SURGERY CENTER, L.P.

FILED
RECEIVED
TENNESSEE

2002 MAR 15 AM 1:14

Pursuant to the provisions of Section 61-2-202 of the Tennessee Revised Uniform Limited Partnership Act, as amended, the undersigned general partner adopts the following certificate of amendment:

1. The name of the limited partnership is New Rivergate Surgery Center, L.P.
2. The amendment to the certificate is as follows:

The name of the limited partnership is hereby changed to Northridge Surgery Center, L.P.

3. The amendment is to be effective when filed by the Secretary of State.

Dated: March 14, 2002.


SURGINET OF RIVERGATE, INC.,
the General Partner

By: [Signature]
Printed Name: Jeffrey A. Bogue
Title: GP

July 25, 2018

4:19 P.M.

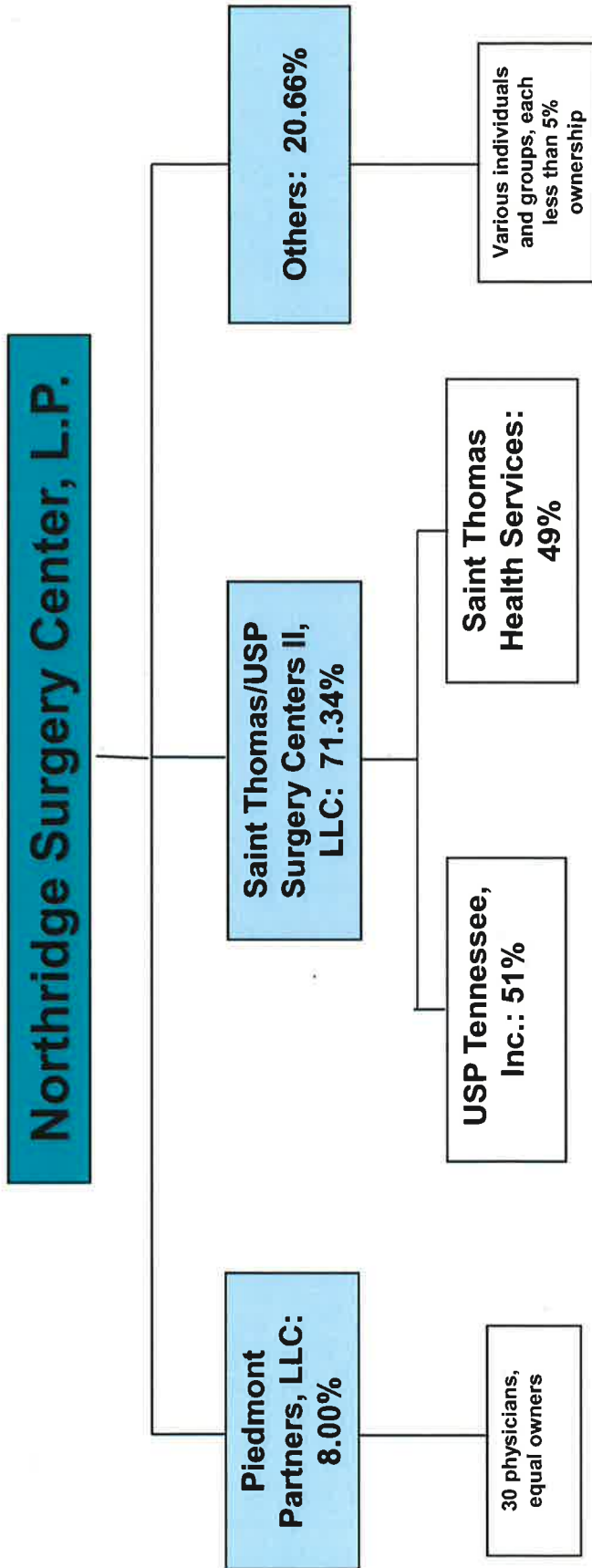
38

<p style="text-align: center;">State of Tennessee</p> <p style="text-align: center;"></p> <p style="text-align: center;">Department of State Corporate Filings 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243</p>	<p style="text-align: center;">AMENDMENT TO THE CERTIFICATE OF LIMITED PARTNERSHIP</p>	<p style="text-align: right; font-size: small;">For Office Use Only</p> <p style="text-align: right; font-size: large;">2006 AUG 17 AM 11:36</p> <p style="text-align: right; font-size: small;">FILED D. R. MALL SECRETARY OF STATE</p>				
<p>Pursuant to the Tennessee Revised Uniform Limited Partnership Act, Section 61-2-202, the undersigned general partner(s) hereby execute(s) the following certificate of amendment:</p>						
<p>1. The name of the limited partnership is: <u>Northridge Surgery Center, L.P.</u></p>						
<p>2. The amendment to the certificate is as follows: _____</p> <p>The following general partner withdraws: <u>Surginet of Rivergate, Inc.</u></p> <p>The following general partner is added: <u>Saint Thomas/USP Surgery Centers II, L.L.C.</u></p>						
<p>3. If the amendment is not to be effective upon filing by the Secretary of State, the delayed effective date/time is:</p> <p>DATE: <u>July 1st</u>, <u>2006</u> TIME: <u>12:00 a.m.</u></p> <p>[NOTE: A delayed effective date may not be later than the 90th day after the date this document is filed by the Secretary of State.]</p>						
<p>[NOTE: Must be signed by at least one general partner and any new general partners added by this amendment.]</p> <table style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><u>August 15, 2006</u> Signature Date</p> <p><u>Assistant Secretary</u> Signer's Capacity</p> </td> <td style="width: 50%; vertical-align: top;"> <p><u>Alex Jenkins</u> Signature</p> <p><u>Alex Jenkins</u> Name (typed or printed)</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>_____ Signature Date</p> <p>_____ Signer's Capacity</p> </td> <td style="vertical-align: top;"> <p>_____ Signature</p> <p>_____ Name (typed or printed)</p> </td> </tr> </table>			<p><u>August 15, 2006</u> Signature Date</p> <p><u>Assistant Secretary</u> Signer's Capacity</p>	<p><u>Alex Jenkins</u> Signature</p> <p><u>Alex Jenkins</u> Name (typed or printed)</p>	<p>_____ Signature Date</p> <p>_____ Signer's Capacity</p>	<p>_____ Signature</p> <p>_____ Name (typed or printed)</p>
<p><u>August 15, 2006</u> Signature Date</p> <p><u>Assistant Secretary</u> Signer's Capacity</p>	<p><u>Alex Jenkins</u> Signature</p> <p><u>Alex Jenkins</u> Name (typed or printed)</p>					
<p>_____ Signature Date</p> <p>_____ Signer's Capacity</p>	<p>_____ Signature</p> <p>_____ Name (typed or printed)</p>					
<p style="text-align: center;">SS-4471 (Rev. 11/89) RDA 2135</p>						

5848.0210

Attachment D

Organization Chart of Owners and Ownership Interest



Ownership Organization Chart of Northridge Surgery Center, L.P.

Attachment E

Applicant Governing Body and Duties

July 25, 2018**4:19 P.M.**

**Northridge
Surgery Center**
POLICIES AND PROCEDURES

Operations - Clinical

Policy#	Policy
	Governing Body
Effective Date: 5-01-08	Revision Date:

POLICY:

Northridge Surgery Center (the "Center"), in the interest of providing and maintaining high standards of quality patient care and being responsive to the mutual benefits derived from ongoing exchange with the Medical Staff, provides there shall be an organized governing body that will function to provide input and direction for the Center, consistent with the objectives of the Center.

The role of the Governing Body shall include but not be limited to the following:

- a. To have overall responsibility, authority, and direction for the operation and management of the Center.
- b. To act as the final authority in reference to credentialing, quality improvement, risk management initiatives, peer review, contract review, and other matters as may be necessary to ensure the efficient and proper operation of the Center.
- c. To review the actions and recommendations of the Center's Medical Executive Committee.
- d. To oversee and promote the welfare and quality of care provided to patients of the Center.
- e. To oversee the credentialing process of the Center's Medical Staff and Allied Health Professional Staff, including having ultimate responsibility for making initial appointments and reappointment decisions and granting or curtailing privileges based on recommendations and/or information conveyed during Governing Body meetings, Medical Executive Committee meetings, or other delegated authorities.
- f. To maintain active involvement in the business strategies of the Center.
- g. To coordinate the development of an effective and appropriate organizational structure and planning process for the Center.
- h. To periodically examine the Center's purposes, goals, policies, and current programs and ensure compliance with all policies and regulations governing the Center.
- i. To develop a program for evaluating the quality of care and to address identified problems in care. To shall require that quality improvement activities be conducted consistently and with the overall goal of achieving applicable standards of medical practice and patient care in the Center.
- j. To assure that the facility and personnel are adequate and appropriate to carry out the mission and objectives of the Center.
- k. To oversee the establishment and ongoing reviews of a system of financial management and accountability.
- l. To review and approve as appropriate, all major contracts or arrangements affecting the medical care.
- m. To formulate short-term goals and long-range plans in accordance with the mission and objectives of the Center.
- n. To review and take action on all matters relating to the legal and ethical conduct of the Center.
- o. To develop and maintain a plan for protecting the privacy of individually identifiable health information and ensuring patient rights regarding such information in accordance with HIPAA and, if applicable, more stringent state privacy laws, such plan to be reviewed annually as part of the budget review process.
- p. To oversee operation of the Center with respect for the rights and responsibilities of patients.
- q. To delegate to the Medical Executive Committee the responsibility for making recommendations concerning initial Medical Staff appointments, the delineation of clinical privileges, reappointment, and termination of clinical privileges.

July 25, 2018

4:19 P.M.

- r. To make final decisions regarding Medical Staff membership and clinical privileges.
- s. To mechanisms designed to assure the achievement and maintenance of applicable standards of medical practice and patient care in the Center.

Governing Body meetings shall be held as often as needed, but not less than annually. All actions shall be recorded in minutes of the meeting and maintained at the Center.

Members will be appointed by the governing board of the Center's General Partner and shall be comprised of individuals from the following positions: Medical Director, the Regional VP of Operations., VP of Operations, and interested medical staff. The members of The Governing Body shall designate a Chairperson to oversee meetings. All members are encouraged to attend each regularly scheduled meeting. Such attendance will become part of the permanent record of each meeting. A simple majority of the membership of shall constitute a quorum at all meetings, and the affirmative vote of a majority of those present shall be the act of The Governing Body.

Governing Body meetings will be confidential.

Attachment F

Management Company Name Change

Supplemental #1**July 25, 2018****4:19 P.M.****Tennessee Secretary of State**

Tre Hargett

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Business Services Online > Find and Update a Business Record > Business Entity Detail

Business Entity Detail

**Available
Entity
Actions**[File Annual Report \(after 12/01/2018\)](#)[Certificate of Existence](#)[More](#)

Entity details cannot be edited. This detail reflects the filing in the system.

Return to the [Business Information Search](#).**000403350: For-profit Corporation - Domestic****Printer****Name:** SURGIS MANAGEMENT SERVICES, INC.**Old Name:** SURGINET MANAGEMENT SERVICES, INC.**Status:** Active**Initial Filing Date:** 02/13/2001**Formed in:** TENNESSEE**Delayed Effective Date:****Fiscal Year Close:** December**AR Due Date:** 04/01/2019**Term of Duration:** Perpetual**Inactive Date:****Principal Office:** 15305 DALLAS PKWY STE 1600
ADDISON, TX 75001-6491 USA**Mailing Address:** 15305 DALLAS PKWY STE 1600
ADDISON, TX 75001-6491 USA**AR Exempt:** No**Obligated Member Entity:** No**Shares of Stock:** 1,000**Assumed Names****History****Registered Agent**

Type	Date	Image #
2017 Annual Report Due 04/01/2018	03/09/2018	B0512-5977
Registered Agent Change (by Agent)	01/26/2018	*B0478-4994
2016 Annual Report Due 04/01/2017	03/02/2017	B0356-1202
2015 Annual Report Due 04/01/2016	03/23/2016	B0221-4855
2014 Annual Report Due 04/01/2015	03/25/2015	B0075-5070
2013 Annual Report Due 04/01/2014	03/18/2014	7304-0510
2012 Annual Report Due 04/01/2013	03/14/2013	A0161-2784

Supplemental #1**July 25, 2018****4:19 P.M.**

2011 Annual Report Due 04/01/2012	03/21/2012	A0010-1180	I
2010 Annual Report Due 04/01/2011	03/23/2011	A0063-1093	
2009 Annual Report Due 04/01/2010	03/31/2010	A0015-0039	
2008 Annual Report Due 04/01/2009	03/27/2009	6488-3214	
2007 Annual Report Due 04/01/2008	02/25/2008	6225-1868	
2006 Annual Report Due 04/01/2007	03/01/2007	5966-2851	I
Articles of Amendment	08/11/2006	5844-0951	I
2005 Annual Report Due 04/01/2006	03/23/2006	5730-2212	
2004 Annual Report Due 04/01/2005	01/11/2005	5319-1090	
2003 Annual Report Due 04/01/2004	02/24/2004	5047-0339	
Articles of Amendment	06/09/2003	4834-0176	I
2002 Annual Report Due 04/01/2003	03/07/2003	4747-2570	
Articles of Amendment	11/26/2002	4657-1327	I
Name Changed			
2001 Annual Report Due 04/01/2002	03/28/2002	4461-1230	I
Administrative Amendment	02/16/2001	4126-1796	I
Initial Filing	02/13/2001	4122-2357	

Division of Business Services

312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor

Nashville, TN 37243

615-741-2286

8:00 a.m. until 4:30 p.m. (Central) Monday - Friday.

[Directions](#) | [State Holidays](#) | [Methods of Payment](#)Business Filings and Information (615) 741-2286 | TNSOS.CORPINFO@tn.govCertified Copies and Certificate of Existence (615) 741-6488 | TNSOS.CERT@tn.govMotor Vehicle Temporary Liens (615) 741-0529 | TNSOS.MVTL@tn.govNotary Commissions (615) 741-3699 | TNSOS.ATS@tn.govUniform Commercial Code (UCC) (615) 741-3276 | TNSOS.UCC@tn.govWorkers' Compensation Exemption Registrations (615) 741-0526 | TNSOS.WCER@tn.govApostilles & Authentications (615) 741-0536 | TNSOS.ATS@tn.govSummons (615) 741-1799 | TNSOS.ATS@tn.govTrademarks (615) 741-0531 | TNSOS.ATS@tn.govNonresident Fiduciaries (615) 741-0536 | TNSOS.ATS@tn.gov

Supplemental #1**July 25, 2018****4:19 P.M.****OUR MISSION**

Our mission is to exceed the expectations of our customers, the taxpayers, by operating at the highest levels of accuracy, cost-effectiveness and accountability in a customer-centered environment.

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Tennessee Secretary of State
Tre Hargett



United Surgical Partners
I N T E R N A T I O N A L

Supplemental #1

July 25, 2018

4:19 P.M.

October 27, 2009

Department of the Treasury
IRS
Memphis, TN 37501

Re: **Surginet Management Services, Inc.**
EIN 62-1850965

Please note that on 11/26/02, an Articles of Amendment was filed with the TN SOS to amend **Surginet Management Services, Inc.** to **Surgis Management Services, Inc.** Therefore, please correct the entity name associated with this Employer Identification Number.

For your reference, please find attached the following documents to assist with this request:

- CP 575 A, dated 4/17/01
- Copy of the Articles of Amendment from the TN SOS

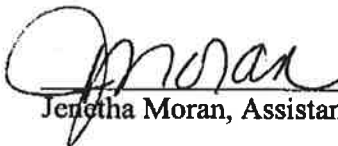
If applicable, once this change has been processed, please issue a new CP 575 to my attention at 15305 Dallas Pkwy, #1600, Addison, TX 75001, at your earliest convenience.

Please feel free to contact me with any questions you may have. My contact information is:

Phone (972) 763-3893
Fax (972) 692-6745
jmoran@uspi.com

Sincerely,

Surgis Management Services, Inc.


Jennifer Moran, Assistant Secretary

Attachments

July 25, 2018

4:19 P.M.

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
MEMPHIS TN 37501

DATE OF THIS NOTICE: 04-17-2001
NUMBER OF THIS NOTICE: CP 575 A
EMPLOYER IDENTIFICATION NUMBER: 62-1850965
FORM: SS-4
4956820988 B

FOR ASSISTANCE CALL US AT:
1-800-829-1040

SURGINET MANGEMENT SERVICES INC
30 BURTON HILLS BLVD STE 200
NASHVILLE TN 37215

OR WRITE TO THE ADDRESS
SHOWN AT THE TOP LEFT.

IF YOU WRITE, ATTACH THE
STUB OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER (EIN)

Thank you for your Form SS-4, Application for Employer Identification Number (EIN). We assigned you EIN 62-1850965. This EIN will identify your business account, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

Use your complete name and EIN shown above on all federal tax forms, payments and related correspondence. If you use any variation in your name or EIN, it may cause a delay in processing and incorrect information in your account. It also could cause you to be assigned more than one EIN.

Based on the information shown on your Form SS-4, you must file the following forms(s) by the date we show.

Form 1120

03/15/2002

Your assigned tax classification is based on information obtained from your Form SS-4. It is not a legal determination of your tax classification and is not binding on the IRS. If you want a determination on your tax classification, you may seek a private letter ruling from the IRS under the procedures set forth in Rev. Proc. 98-01, 1998-1 I.R.B. 7 (or the superseding revenue procedure for the year at issue).

If you need help in determining what your tax year is, you can get Publication 538, Accounting Periods and Methods, at your local IRS office.

If you have questions about the forms shown or the date they are due, you may call us at 1-800-829-1040 or write to us at the address shown above.

If you're required to deposit for employment taxes (Forms 941, 943, 940, 945, CT-1, or 1042), excise taxes (Form 720), or income taxes (Form 1120), we will send an initial supply of Federal Tax Deposit (FTD) coupon books within six weeks. You can use the enclosed coupons if you need to make a deposit before you receive your supply.

*changed its
name to
Surgis Management
Services, Inc*

July 25, 2018

4:19 P.M.

**ARTICLES OF AMENDMENT TO THE
CHARTER OF
SURGINET MANAGEMENT SERVICES, INC.**

FILED

RECEIVED
TENNESSEE

2002 NOV 26 PM 4:13

RILEY DARNELL
SECRETARY OF STATE

Corporate Control Number: 0403350

Pursuant to the provisions of Section 48-20-106 of the Tennessee Business Corporation Act, as amended, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation, as it appears of record, is Surginet Management Services, Inc.

The new name of the corporation is Surgis Management Services, Inc.

2. The amendment is to be effective when filed by the Secretary of State.

3. The amendment adopted is:

The name of the corporation is hereby changed to Surgis Management Services, Inc.

4. The corporation is for profit.

5. The amendment was duly adopted on November 22, 2002, by the board of directors and the sole shareholder.

Dated: November 22, 2002.

SURGINET MANAGEMENT SERVICES, INC.

By: [Signature]
Its: [Signature]

July 25, 2018**4:19 P.M.**

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
312 Rosa L. Parks Avenue
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

Filing Information

Name: **SURGIS MANAGEMENT SERVICES, INC.**

General Information

Control #: 403350
Filing Type: Corporation For-Profit - Domestic
Filing Date: 02/13/2001 3:20 PM
Status: Active
Duration Term: Perpetual
Public/Mutual Benefit: Mutual

Formation Locale: Davidson County
Date Formed: 02/13/2001
Fiscal Year Close 12

Registered Agent Address
CT CORPORATION SYSTEM
800 S GAY ST
STE 2021
KNOXVILLE, TN 37929 USA
Phone: () -
Fax: () -

Principal Address
15305 DALLAS PKWY
1600
ADDISON, TX 75001 USA

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
03/27/2009	2008 Annual Report	6488-3214
02/25/2008	2007 Annual Report	6225-1868
03/01/2007	2006 Annual Report	5966-2851
08/11/2006	Articles of Amendment	5844-0951
03/23/2006	2005 Annual Report	5730-2212
01/11/2005	2004 Annual Report	5319-1090
02/24/2004	2003 Annual Report	5047-0339
06/09/2003	Articles of Amendment	4834-0176
03/07/2003	2002 Annual Report	4747-2570
11/26/2002	Articles of Amendment	4657-1327
03/28/2002	2001 Annual Report	4461-1230
02/16/2001	Administrative Amendment	4126-1796
02/13/2001	Initial Filing	4122-2357

Active Assumed Names (If any)

Date

Expires

Attachment G

Site Entitlement: Applicant Lease Option with Landlord

OPTION TO LEASE AGREEMENT

THIS OPTION TO LEASE AGREEMENT (the "**Agreement**") is made and entered into as of this ____ day of July, 2018, by and between OGA Acquisitions, LLC ("**Landlord**") and Northridge Surgery Center, L.P., a Tennessee limited partnership ("**Tenant**").

WITNESSETH

WHEREAS, Landlord has entered into a letter of intent dated May 8, 2019 and executed on May 9, 2018 (the "**LOI**") for the purchase of approximately 1.87(+/-) acres of unimproved land, as approximately depicted on **Exhibit A** attached hereto and incorporated herein by this reference, such land being a portion of the 17.805 acre tract (Tax Parcel No. 145-044.02-000) shown on the plat titled "First Re-Subdivision of Indian Lake Village Phase 8-Section A Lot 41" recorded in Plat Book 29, Page 321 of the Sumner County Register of Deeds Office, being located on Saundersville Road in Hendersonville, Sumner County, Tennessee (the "**Property**"); and

WHEREAS, Landlord desires to enter into an option with Tenant whereby Landlord grants to Tenant the option to lease a build-to-suit development to be operated as a licensed, freestanding ambulatory surgery center (the Property and such build to suit development are referred to herein as the "**Project**"), which option must be exercised as set forth below.

NOW, THEREFORE, for \$10 cash in hand paid and in consideration of the mutual promises set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1
GRANT OF OPTION

1.1 Landlord hereby grants to Tenant an exclusive option to lease the Project, upon the terms and conditions set forth herein (the "**Option**").

1.2 The term of Tenant's Option shall commence on the date hereof and expire on November 21, 2018 (the "**Option Period**").

1.3 Tenant shall exercise its Option by delivering written notice to Landlord within the Option Period by overnight courier service, via electronic mail, or in person, time being of the essence with respect to delivery of such notice.

1.4 Notwithstanding the foregoing, the Option shall automatically terminate if Tenant is not successful in obtaining from the State of Tennessee Health Services and Development Agency a Certificate of Need to establish an ambulatory surgical treatment center at the Project.

SECTION 2
TERMS AND CONDITIONS OF THE LEASE

2.1 Upon Tenant's exercise of the Option, Landlord and Tenant shall execute a formal lease agreement for the Project on terms and conditions contained in this Agreement and as mutually agreed upon by them in their sole discretion (the "***Lease***"). The annual base rent will be 8.25% of total actual project costs of acquiring the Property and development and construction of improvements on the Property (collectively, the "***Project Costs***"). The exact amount of annual base rent cannot be calculated until the Project Costs are finally determined after the Project is complete. With estimated Project Costs of \$8,346,758, the annual base rent for the Project will be as follows:

Year	Annual Rent	Per SF
1	\$645,600	39.13
2	\$663,276	40.20
3	\$681,444	41.30
4	\$700,120	42.43
5	\$719,316	43.59
6	\$739,048	44.79
7	\$759,330	46.02
8	\$780,179	47.28
9	\$801,609	48.58
10	\$823,636	49.92
11	\$846,278	51.29
12	\$869,552	52.70
13	\$893,475	54.15
14	\$918,066	55.64
15	\$943,342	57.17
Total Rent	11,784,272	

SECTION 3
MISCELLANEOUS PROVISIONS

3.1 This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the parties hereto. Landlord may, without Tenant's consent, assign its rights under this Option to an entity that is at least 50% owned by Bond E. Oman and/or Thomas C. Gibson after which Landlord will be released from liability under this Option.

3.2 Landlord's obligation under this Option shall be conditioned upon (i) Landlord's closing on its purchase of the Property, and (ii) the Lease being executed by Landlord and Tenant, in each case upon terms and conditions that are acceptable to Landlord.

July 25, 2018

4:19 P.M.

3.2 Any notices required or permitted herein shall be addressed as follows and delivered to the other party by either registered or certified mail, facsimile, or in person:

If to Landlord:

OGA Acquisitions, LLC
2932 Foster Creighton Drive
Nashville, Tennessee 37204
Attn: Thomas C. Gibson
Facsimile: 615-467-0479
E-mail: tgibson@oman-gibson.com

If to Tenant:

Northridge Surgery Center, L.P.
c/o USP Tennessee, Inc.
15305 Dallas Parkway
Suite 1600
Addison, TX 75001
Attention: Chief Legal Officer
E-mail: _____

With a copy to:

United Surgical Partners International, Inc.
15305 Dallas Parkway
Suite 1600
Addison, TX 75001
Attn: James Bowden, Senior Corporate Counsel, Development
E-mail: _____

[Remainder of Page Intentionally Left Blank; Signatures Commence on Following Page]

July 25, 2018

4:19 P.M.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

LANDLORD:

OGA ACQUISITIONS, LLC

By: _____
Bond E. Oman, CEO

TENANT:

NORTHRIDGE SURGERY CENTER, L.P.

By: Saint Thomas/USP Surgery Centers II, LLC,
Its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A

PROPERTY

(See attached.)

Attachment H

Site Entitlement: Title/Deed Ownership

Pamela L. Whitaker, Register
Sumner County Tennessee
Rec #: 839383 Instrument #: 1094913
Rec'd: 40.00 Recorded
State: 16477.09 8/29/2014 at 2:02 PM
Clerk: 1.00 in Record Book
Other: 2.00 3994
Total: 16520.09

Pgs 60-67

Supplemental #1

July 25, 2018

4:19 P.M.

202
(1)

Address New Owner as follows:

Send Tax Bills to:

Map-Parcel Nos.

JCBD Investments, LLC, and
Lawrence IL Holdings, LLC
c/o Lawrence IL Holdings, LLC

JCBD Investments, LLC, and
Lawrence IL Holdings, LLC
c/o Lawrence IL Holdings, LLC

145.44.02 &
145.44.06

4007 Hillsboro Road
Nashville, Tennessee 37215

SAME

ENTERED
John C. Iobell
Property Assessor

DEED IN LIEU OF FORECLOSURE

AUG 29 2014

145.44.02, 44.06

THIS INDENTURE made this 28th day of August, 2014 between ~~BT&T Investments, LLC~~, a Tennessee limited liability company hereafter called GRANTOR, and JCBD Investments, LLC, a Tennessee limited liability company, and Lawrence IL Holdings, LLC, a Tennessee limited liability company, hereinafter collectively called GRANTEES.

WITNESSETH:

THAT FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) cash in hand paid, the receipt of which is hereby acknowledged, and other valuable consideration, the GRANTOR has bargained and sold, and by these presents does transfer and convey unto Lawrence IL Holdings, LLC, a fifty-five percent (55%) undivided tenancy-in-common interest, and JCBD Investments, LLC, a forty-five percent (45%) undivided tenancy-in-common interest, their successors and assigns, a certain tract or parcel of land in Sumner County, Tennessee, described as follows, to wit:

Exhibit "A" and "B" attached hereto and made a part hereof.

TO HAVE AND TO HOLD the said parcel of land, with the appurtenances, estate, title and interest thereto belonging to the said GRANTEES, their successors and assigns forever. We covenant with the GRANTEES that we are lawfully seized and possessed of said land in fee simple, have a good right to convey it, and that the same is unencumbered except for 2012 and 2013 Hendersonville City Taxes and Sumner County Taxes and 2014 Taxes which are not yet due and Notice of Liens in favor of Indian Lake Village Association, Inc. of record in Record Book 3870, Page 576 and 578, Record Book 3659, Page 101 and any subsequent Indian Lake Village Association Fees due through the date hereof.

THIS DEED is an absolute conveyance of title in effect as well as in form, and is not intended as a mortgage, trust conveyance, or security of any kind. The Deed in Lieu of Foreclosure is for a certain Deed of Trust executed by the GRANTOR on December 20, 2012 of record in Record Book 3696, Page 731 in the Register's Office for Sumner County, Tennessee.

THE CONSIDERATION for this conveyance is the satisfaction in full of the note to First Farmers & Merchants Bank said Note having been transferred to GRANTEES who are the holders thereof as of the date hereof, and the full cancellation of all debts, obligations, guaranties, costs and charges existing under and by virtue of the terms of the above referenced Note and Deed of Trust and the cancellation of record of said GRANTEES of said Deed of Trust.

THE GRANTOR further warrants that, as of the date of execution of this instrument, they do not own any other property in the state of Tennessee subject to a Deed of Trust held by either GRANTEE and

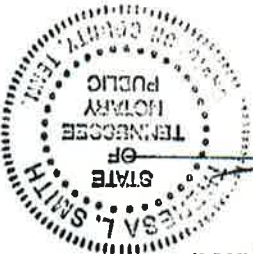
12109154.4

Re: Esquire Title

AE

Before me, the undersigned, a Notary Public within and for the State and County aforesaid, personally appeared I. Dyke Tatum with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who upon oath acknowledged himself to be the Managing Member of BT&T Investments, LLC the within named bargainor, and that as such Managing Member being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the said Limited Liability Company.

WITNESS my hand and official seal at Nashville, Tennessee, this _____ day of August, 2014.



Notary Public

AFFIDAVIT

I hereby swear or affirm that the actual consideration for this transfer or the value of the property transferred, whichever is greater, is \$4,453,267.76, which amount is equal to or greater than the amount which the property would command at a fair and voluntary sale.

Affiant

Subscribed and sworn to before me this 28th day of August, 2014.

[Signature]
Notary Public



My Commission Expires: 11/5/14

This Instrument Prepared by:
Esquire Title & Escrow, Inc.
30 Burton Hills Blvd., Suite 200
Nashville, TN 37215

July 25, 2018

4:19 P.M.

EXHIBIT "A"
(page 1 of 3)

Property Description
(ILV-EAST Overall Boundary)

Land being in the Fifth Civil District of Hendersonville, Sumner County, Tennessee and being currently shown as Parcel 44.02 on Sumner County Tax Map 145, and Parcels 4.04 and 15.00 on Sumner County Tax Map 146, said land lying generally north of the C.S.X. Railroad, west of Saundersville Road, south of Vietnam Veterans Boulevard, and being more particularly described as follows:

Beginning on a Highway Right-of-Way monument on the west right-of-way line of Saundersville Road, and the north right-of-way line, 33' from centerline of the C.S.X. Railroad, said monument being located S 79 deg. 01' 18" W - 73.95' from railroad Mile Marker Post no. 167, this also being the southeast corner of the herein described tract;

Thence, with said railroad right-of-way line as follows:

S 64 deg. 05' 11" W, 606.79' to an iron pin old,

S 64 deg. 21' 36" W, 121.46' to an iron pin old,

S 65 deg. 24' 26" W, 134.89' to an iron pin old,

Along a curve to the right, having a radius of 1849.80', a delta angle of 07 deg. 05' 06", a chord bearing and distance of S 69 deg. 51' 23" W, 228.60', along an arc length of 228.74' to an iron pin old on the east right-of-way line of the old Railroad Lane,

Continuing on along a curve to the right, having a radius of 1848.26', a delta angle of 25 deg. 15' 17", a chord bearing and distance of S 85 deg. 48' 28" W, 808.09', along an arc length of 814.67' to an iron pin new,

N 80 deg. 00' 07" W, 285.62' to an iron pin new,

N 79 deg. 13' 14" W, 126.07' to an iron pin new,

N 45 deg. 26' 58" W, 120.53' to an iron pin new, being 100' off centerline,

S 79 deg. 22' 37" W, 1,018.94' to an iron pin new,

Along a curve to the left, having a radius of 5,679.10', a delta angle of 00 deg. 21' 57", a chord bearing and distance of N 80 deg. 38' 49" W, 36.27', along an arc length of 36.27' to an iron pin new on the east line of ILVLB

West, Inc., of record in Book 2852, Page 249, in the Register's Office of Sumner County;

Thence, with said line of ILVLB, West, Inc.:

N 05 deg. 21' 36" E, 156.80' to an iron pin old,

N 03 deg. 56' 53" E, 200.38' to an iron pin old,

N 86 deg. 10' 40" W, 1,138.42' to an iron pin old on the east right-of-way line of Stop Thirty Road;

Thence, with said right-of-way, N 03 deg. 57' 19" W, 150.03' to an iron pin old at the southwest corner of Kenneth McKinney property of record in Book 517, Page 178, in the Register's Office of Sumner County;

July 25, 2018

4:19 P.M.

12118095.2

Thence, with said right-of-way line, N 03 deg. 46' 19" E, 112.22' to an iron pin old in the southerly right-of-way line of Vietnam Veterans Boulevard. Thence, with said right-of-way of Vietnam Veterans Boulevard:

S 81 deg. 52' 58" E, 1,291.85' to a Highway Right-of-Way monument,
S 77 deg. 18' 12" E, 588.89' to a Highway Right-of-Way monument,
S 77 deg. 06' 50" E, 49.08' to a Highway Right-of-Way monument,
S 76 deg. 15' 33" E, 181.38' to a Highway Right-of-Way monument,
S 80 deg. 00' 50" E, 228.84' to a Highway Right-of-Way monument,
S 61 deg. 09' 42" E, 194.86' to a Highway Right-of-Way monument,
S 46 deg. 26' 40" E, 105.42' to a Highway Right-of-Way monument,
S 61 deg. 52' 17" E, 158.20' to an iron pin new,
Along a curve to the left, having a radius of 981.47', a delta angle of 29 deg. 38' 06", a chord bearing and distance of S 78 deg. 58' 46" E, 502.00', along an arc length of 507.84' to a Highway Right-of-Way monument,
S 54 deg. 21' 01" E, 96.55' to the point of beginning and containing 67.686 acres, more or less.

July 25, 2018

4:19 P.M.

EXHIBIT "A"

(page 3 of 3)

Being the same property conveyed to Owner by deed dated June 8, 20011 from ILVLB East, Inc. of record in Record Book 3432, Page 335 in the Register's Office for Sumner County, Tennessee.

INCLUDED IN THE ABOVE-DESCRIBED PROPERTY BUT EXCLUDED THEREFORE are the following tracts of land: See attached Exhibit "B"

said (and lying generally north of the center line of the road) as follows:
Road, south of Vietnam Veterans Boulevard, and being more particularly

Beginning on a Highway Right-of-Way monument on the west right-of-way line of the
Saudersville Road, and the north right-of-way line, 33' from centerline of the
C.S.X. Railroad, said monument being located S 79 deg. 01' 18" W - 73.95' from
railroad Mile Marker Post no. 167, this also being the southeast corner of the
herein described tract;

Thence, with said railroad right-of-way line, S 64 deg. 05' 11" W, 490.82' to an
iron pin new;

Thence, leaving the railroad on a new line as follows:

N 10 deg. 58' 36" W, 174.98' to an iron pin new,
N 67 deg. 49' 41" E, 25.96' to an iron pin new,

Along a curve to the left, having a radius of 883.37', a delta angle of 23
deg. 43' 31", a chord bearing and distance of N 45 deg. 14' 38" W,
363.18', along an arc length of 385.78' to a Highway Right-of-Way
monument in the southerly right-of-way line of Vietnam Veterans
Boulevard.

Thence, with said right-of-way of Vietnam Veterans Boulevard:

S 61 deg. 52' 17" E, 156.20' to an iron pin new,
Along a curve to the left, having a radius of 981.47', a delta angle of 29
deg. 38' 06", a chord bearing and distance of S 78 deg. 58' 46" E, 502.00',
along an arc length of 507.64' to a Highway Right-of-Way monument,
S 54 deg. 21' 01" E, 96.55' to the point of beginning and containing 2.062
acres, more or less.

12118095.2

July 25, 2018

4:19 P.M.

EXHIBIT "B"
(page 2 of 2)

Property Description
(ILV-EAST RAILROAD TRACT)

Land being in the Fifth Civil District of Hendersonville, Sumner County, Tennessee, being currently shown as a portion of Parcel 44.02 on Sumner County Tax Map 145, and Parcel 15.00 on Sumner County Tax Map 146, said land lying generally north of the C.S.X. Railroad, west of Saundersville Road, south of Vietnam Veterans Boulevard, and being more particularly described as follows:

Commencing on a Highway Right-of-Way monument on the west right-of-way line of Saundersville Road, and the north right-of-way line, 33' from centerline of the C.S.X. Railroad, said monument being located S 79 deg. 01' 18" W - 73.95' from railroad Mile Marker Post no. 167;

Thence, with said railroad right-of-way line as follows:

S 64 deg. 05' 11" W, 808.79' to an iron pin old,

S 64 deg. 21' 36" W, 121.46' to an iron pin old,

S 65 deg. 24' 26" W, 13.20' to the Point of Beginning for this description;

Thence, continuing on along said railroad right-of-way line as follows:

S 65 deg. 24' 26" W, 121.69' to an iron pin old,

Along a curve to the right, having a radius of 1849.80', a delta angle of 07 deg. 05' 06", a chord bearing and distance of S 69 deg. 51' 23" W, 228.60', along an arc length of 228.74' to an iron pin old on the east right-of-way line of the old Railroad Lane,

Continuing on along a curve to the right, having a radius of 1848.26', a delta angle of 25 deg. 15' 17", a chord bearing and distance of S 85 deg. 48' 28" W, 808.09', along an arc length of 814.67' to an iron pin new,

N 80 deg. 00' 07" W, 285.62' to an iron pin new,

N 79 deg. 13' 14" W, 126.07' to an iron pin new,

N 45 deg. 26' 56" W, 51.89' to an iron pin new;

Thence, leaving said railroad right-of-way with a new line as follows:

Along a curve to the left, having a radius of 2,940.00', a delta angle of 20 deg. 50' 59", a chord bearing and distance of S 89 deg. 23' 46" E, 1,063.97', along an arc length of 1,069.86' to an iron pin new,

N 79 deg. 58' 18" E, 517.29' to the point of beginning and containing 2.133 acres, more or less.

Tennessee) at the intersection of the southerly margin of Saundersville Road, (86') and proceeding as follows:

Thence, with the southerly right-of-way margin of Saundersville Road and leaving said stop 30 Road (abandoned), South 88°32'29" East, a distance of 1018.16 feet;

Thence, northeasterly a distance of 126.05 feet along the curve concave to the north, having a radius of 1234.00 feet and a central angle of 5°51'19" and being subtended by a chord which bears North 88°31'52" East, distance of 126.05 feet to an iron pin (set);

Thence, leaving said Saundersville Road and severing said lot 42 of Indian Lake Village, Phase 8, Section A, South 03°54'13" West, a distance of 84.46 feet to an iron pin (old);

Thence, with the southerly lot line of said lot 42 and the northerly property line of parcel 44.03, North 86°13'16" West, a distance of 1138.42 feet to an iron pin (old) on the easterly right-of-way margin of said stop 30 Road (abandoned);

Thence, with said abandoned right-of-way margin, North 03°59'53" West, a distance of 32.02 feet to the point of beginning and containing 62,900 square feet or 1.44 Acres more or less.

Being the same property conveyed to E. Phillips Development, LLC by deed from BRT Investments, LLC of record in Record Book 3656, Page 871, Register's Office for Sumner County, Tennessee.

Being the same property known as Lot 41 and 42 of Indian Lake Village, Phase 8, Section A and the Dedication of Right-of-Way of Saundersville Road of record in Plat Book 26, Page 281, Register's Office for Sumner County, Tennessee.

Included in the above described metes and bounds description but expressly excluded from this conveyance is Lot 43 of Indian Lake Village, Phase 8, Section A and the Dedication of Right-of-Way of Saundersville Road of record in Plat Book 26, Page 281, Register's Office for Sumner County, Tennessee.

12118095.2

Attachment I

Plot Plan: 1.87 Acre Site

0.33 acres, flood plain, still with original owners

1.87 acres, landlord, proposed project

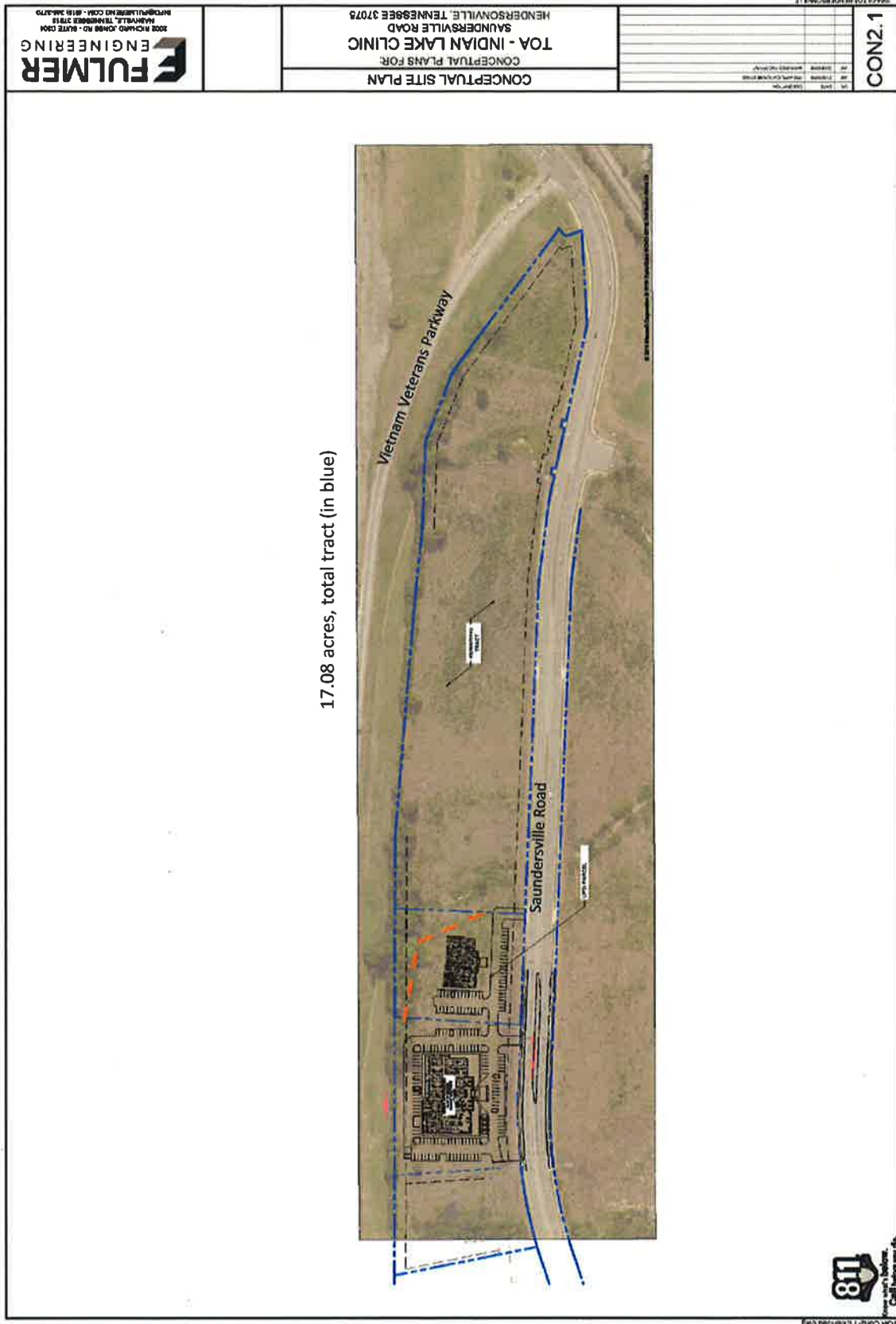
51 PARKING SPACES

SAUNDERSVILLE ROAD

CASSETTY CONSULTANTS, LLC
11/11/2011

Attachment J

Plot Plan: 17.08 Acre Site



Attachment K

ASTC Project Specific Criteria Response

STATE OF TENNESSEE

STATE HEALTH PLAN**CERTIFICATE OF NEED STANDARDS AND CRITERIA****FOR****AMBULATORY SURGICAL TREATMENT CENTERS**

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to establish or expand Ambulatory Surgical Treatment Centers (ASTCs). Existing ASTCs are not affected by these standards and criteria unless they take an action that requires a new certificate of need (CON) for the establishment or expansion of an ASTC.

These standards and criteria are effective immediately as of May 23, 2013, the date of approval and adoption by the Governor of the State Health Plan changes for 2013. Applications to establish or expand an ASTC that were deemed complete by the HSDA prior to this date shall be considered under the Guidelines for Growth, 2000 Edition.

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.² An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: The number of Operating Room cases and Procedure Room cases provided over the past three years by Northridge Surgery Center are presented below.

	2015	2016	2017	Change
Operating Cases	1,766	2,171	2,587	46.5%
Procedure Cases	538	313	233	(56.7%)
TOTAL	2,304	2,484	2,820	22.4%
# ORs	5	5	5	
#PRs	2	1	1	
OR Cases/Room	353.2	434.2	517.4	46.5%
PR Cases/Room	269	313	233	(13.4%)

Source: JAR Survey data.

The table above shows that during the three-year time period of 2015 through 2017, the applicant experienced an overall increase of 516 cases, or a change of 22.4%. When focusing on the number of surgical cases in an Operating Room, there was even a larger increase of 819 cases, or a change of 46.5%.

The proposed project reduces the number of CON-approved Operating Rooms from five to three, with one procedure room continuing to be operated. The following table shows the historical and projected utilization of Northridge Surgery Center with the number of operating rooms of the proposed project in order to illustrate that this right-sizing meets this standard of 884 cases per OR.

	Historical Utilization			Year 1	Year 2
	2015	2016	2017	2020	2021
Operating Cases	1,766	2,171	2,587	3,357	3,433
Procedure Cases	538	313	233	390	398
TOTAL	2,304	2,484	2,820	3,747	3,831
# ORs	3	3	3	3	3
#PRs	1	1	1	1	1
OR Cases/Room	588.7	723.7	862.3	1,119.0	1,144.3
PR Cases/Room	538	313	233	390	398

Source: JAR surveys; internal data and analysis.

How the applicant will achieve this surgical case growth is presented by a profile of surgical cases by specialty. The following table shows historical and projected utilization for the proposed project by specialty.

	JAR Survey Data			2015-17	Year 1	Year 2
Specialty	2015	2016	2017	Change	2020	2021
Dental/Oral Surgery	295	758	875	580	645	658
Ophthalmology	385	525	858	473	1,321	1,347
Orthopedics	380	312	347	(33)	822	838
Otolaryngology	323	238	280	(43)	295	301
Pain Management	241	221	218	(23)	390	398
Podiatry	339	313	227	(112)	181	185
Endoscopy	297	92		(297)		
Plastic Surgery	16	13	4	(12)	30	31
Other Specialties	28	12	11	(17)		
Neurosurgery					24	24
Total Joint Replace.					39	49
TOTAL	2,304	2,484	2,820	516	3,747	3,831

Source: JAR survey data; internal analysis and interviews with physicians.

The methodology employed to project Year 1 and Year 2 cases involved an analysis

of trends by specialty and physician that tracked practice growth trends, then performed interviews with individual practices and physician groups in order to ascertain surgeon practice patterns going forward.

The data in the preceding tables show that Northridge increased its total number of surgical cases by 516 during 2015-2017, a three-year time period. From 2017 to 2020 – a four-year time period that includes Year 1 projections, the total gain of surgical cases at Northridge is 927. Of the 927 gain, about half of the cases are due to program growth, and the remainder is due to physician practice consolidation at the new Northridge site. Sixty-three cases are due to new outpatient specialty programs in Total Joint Replacement and Neurosurgery. The change from Year 1 to Year 2 of 84 cases is entirely due to case growth of existing specialties and surgeons.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

RESPONSE: The projected number of surgical hours to be utilized per year for the first two years of the proposed project is based on recent surgical room utilization levels at the existing Northridge Surgery Center site. Below are utilization data during January through May 2018:

	January	February	March	April	May	TOTAL
OR Minutes	11,515	9,521	12,935	12,990	12,226	59,187
OR Cases	233	192	257	270	239	1,191
Minutes/Case	49.4	49.6	50.3	48.1	51.1	49.7
PR Minutes	135	255	150	202	225	967
PR Cases	8	16	9	10	15	58
Minutes/Case	16.9	15.9	16.7	20.2	15.0	16.7

Source: Internal data.

Recent sample data suggest a projected Average Minutes per Case in an Operating Room (“OR”) of 50 minutes, and for 17 minutes in a Procedure Room (“PR”). Studies in other USPI ASTCs show an average OR turnover or preparation time of 17 minutes for normal cases and 26 minutes for complicated cases. For PR turnover time, a range of 15-17 minutes is used.

In projecting to the future, the applicant projects approximately 1.5 hours per OR case and approximately 0.5 hours per PR case. The 1.5 hours per OR case also considers some increased complexity of cases, such as for total joint replacements, that would come to the relocated Northridge facility.

On an annual basis, there are 117,600 minutes of available for each OR and PR. This is based on the following: 245 working days per year and open eight (8) hours per day. For Year 2, a total of 3,433 OR cases and 398 PR cases are projected. At 90 minutes

per case, this represents 308,970 minutes of OR time used, or 87.6% of total available OR time for three (3) ORs.

For the one Procedure Room, 117,600 minutes are available annually. With 938 cases projected in Year 2, this represents 28,140 minutes of PR time used (at 30 minutes per case), or 23.9% of total available PR time.

The proposed project provides economic efficiencies for the applicant, gives the ability to meet the growth in volume, and addresses the increased complexity of cases for outpatient surgery.

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available³) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: The following table shows 2015-2017 utilization data for Northridge Surgery Center and ASTCs located in Sumner County.

ASTC	2015-2017		2015		2016		2017	
	# ORs	# PRs	OR Cases	PR Cases	OR Cases	PR Cases	OR Cases	PR Cases
Northridge SC	5	2/1	1766	538	5	2171	5	2587
Green Surgery Center	1	1	739	285	1	711	1	662
Indian Lake Surgery Center	2	1	720	56	2	894	2	770
Patient Partners	2	2	1372	3167	2	1472	2	1376
Total/Average	10	6/5	4597	4046	10	5248	10	5395

Source: ASTC JAR Master files (Excel).

In this proposed project, Northridge seeks to move 9.5 miles into an adjacent ZIP code. This move does not affect its service area, but as discussed in the CON application – the move does marginally improve access to patients from the applicant's top ZIP codes from which it receives the most patients.

Secondly, the proposed project reduces the number of Operating Rooms from five to three. The number of Procedure Rooms will continue to be one.

The following table presents hospital outpatient surgical utilization from the latest three-year period:

County	Hospital	2014 Cases	2015 Cases	2016 Cases **	% Change 2014-2016
Davidson	Metro Nashville General Hospital	2,989	2,707	1,532	(48.7%)
	Saint Thomas – Spinal Surgery	2,387	2,270	2,505	4.9%
	Saint Thomas - Midtown	5,832	5,556	5,954	2.1%
	Saint Thomas - West	3,375	3,699	3,990	18.2%
	TriStar Centennial	8,935	13,155	15,802	76.9%
	TriStar Skyline	2,120	2,319	3,838	81.0%
	TriStar Southern Hills	2,456	2,412	2,348	(4.4%)
	TriStar Summit	2,868	3,119	3,110	8.4%
	Vanderbilt Medical Center	30,752	33,575	35,724	16.2%
	SUBTOTAL	61,714	68,812	74,803	21.2%
Robertson	NorthCrest Medical Center *	4,689	4,892	4,892	4.3%
	SUBTOTAL	4,689	4,892	4,892	4.3%
Sumner	Sumner Regional Medical Center	3,434	3,378	2,654	(22.7%)
	TriStar Hendersonville Med Ctr	2,965	2,444	2,822	(4.8%)
	SUBTOTAL	6,399	5,822	5,476	(14.4%)
Wilson	University Medical Center	4,427	9,427	2,519	(43.1%)
	SUBTOTAL	4,427	9,427	2,519	(43.1%)
	TOTAL	77,229	85,575	87,690	13.5%

Source: JAR survey data; * used 2015 data for 2016 data that was not reported; ** for 2016, the survey form changed, cases from Endoscopy and Pain Management specialties were removed to reflect only Operating Room utilization.

The JAR data of 2014-2016 contains some degree of error in the measure of utilization trends due to the survey form change. To report total outpatient surgical cases in 2016 for these providers results in 117,028 cases, which is very different from 2014 and 2015 data. On the other hand, the removal of Endoscopies and Pain Management cases in 2016 may include cases performed in Operating Rooms and/or were reported in previous years. The second approach was used.

Hospital outpatient surgery utilization data reflects an overall 13.5% increase from providers in the four-county service area of the applicant. Sumner County hospitals have experienced a decline of 14.4% during this time. This decline has occurred during a time of Sumner County population growth. During 2014-2016, population data from the Tennessee Department of Health website showed growth of 3.4%. And the projected population growth of Sumner County was 6.2% from 2018 to 2022 (CON page 20).

Many Sumner County residents travel outside of Sumner County for care for outpatient surgery, probably in a similar fashion to three modes of outpatient care for which there is data – CT Scan, linear accelerator, and MRI services. See data below.

Provider Location	CT Scan	LINAC	MRI
In Sumner County	34,309	3,294	8,326
Outside Sumner County	17,167	3,797	8,536
TOTAL	51,476	7,091	16,862
Portion Served in Sumner County	66.6%	46.4%	49.4%

Source: 2016 Medical Equipment Registry.

Sumner County also has relatively few ASTC operating rooms to its total population – as shown in the CON application and the following table. Relocating a short distance away from the existing site, but in Sumner County, will help residents access surgical care within their county instead of traveling to providers in other counties.

County	ASTC ORs	Population	ORs per 100k Population
Davidson	63	689,338	9.14
Robertson	0	75,017	0.00
Sumner	5	181,647	2.75
Wilson	3	131,486	2.28
Tennessee	287	6,886,441	4.17

Sources: JAR survey data; UT-CBER, reassembled by TN DOH, 2017 Revisions (05/2017).

For several reasons the proposed project does not adversely affect existing providers in Sumner County. First, the proposed project reduces the number of ASTC operating rooms in the four-county service area, and available to Sumner County residents, in particular. Secondly, strong population growth in the area provide hospital and ASTC providers with opportunity for growth in services. And lastly, Sumner County residents already experience a relative deficit of ASTC operating rooms available to them within the county. This proposed project will continue to serve Davidson, Robertson, Sumner, and Wilson Count residents in a similar fashion to its current location, but in a facility and location that will be more appealing and effective in complete patient care and satisfaction.

4. **Need and Economic Efficiencies.** An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

RESPONSE: The present location of the applicant is ZIP code 37115. This ZIP code is the fourth largest referral source for Northridge, from which it received 184 patients in 2017. Northridge seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017. The second largest patient referral

ZIP code is 37066 (221 patients), which is adjacent to 37075, but not to 37115. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest ZIP code referral sources. 37075 and 37066, while still serving its other existing patient populations. After all, 26% of cases come from Sumner County, and 87% of cases come from the four-county service area.

This proposed project neither establishes an ASTC or expands services. This is a relocation of an existing ASTC and reduces the number of Operating Rooms from five to three. This project will also contain one Procedure Room, as in its existing location. Right-sizing the facility in terms of square footage per operating room, pre- and post-operative care, and other staffing and support areas will make daily operations more effective and efficient. Also, the reduction in the number of operating rooms will help the facility meet the 884 cases per Operating Room standard.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: Not applicable. This proposed project relates to a multispecialty ASTC.

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

RESPONSE: The average drive times of residents from each of the four-county service area are presented below. The county seats are used for each of the four measures to the proposed location in Hendersonville at 601 Saundersville Road.

To Facility, from...	Driving Time Minutes
Hendersonville (Sumner)	8
Nashville (Davidson)	24
Springfield (Robertson)	39
Mt. Juliet (Wilson)	36

Source: Google Maps.

The four-county service area comprises 78.7% of Northridge Surgery Center's patients

(cases). The average drive time from these counties are well within the 60-minute standard.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

RESPONSE: The proposed new site of Northridge lies along Saundersville Road, which lies between Gallatin Pike to the north (also called Vietnam Veterans Boulevard), a limited-access, multi-lane highway that connects with I-65 and proceeds east, and US-31E to the south – another major highway that connects downtown Nashville with Hendersonville and beyond. Robertson County residents will continue to access Northridge via US-41 to Gallatin Pike, and Wilson County residents will still access Northridge via TN-45 and Myatt Drive to US 31-E.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: The 2017 distribution of unduplicated patients and total surgical cases have also been shown on replacement page 15. The distribution of the applicant's 2017 total cases has been projected to Year 1 and Year 2 of the proposed project, as shown in the table below.

Service Area Counties	2017 Total Cases	% of Total Patients	Projected	
			Year 1 2020	Year 2 2021
Davidson	871	30.9%	1,158	1,184
Sumner	747	26.5%	993	1,015
Robertson	458	16.2%	607	621
Wilson	143	5.1%	191	195
Subtotal	2,219	78.7%	2,949	3,015
Other TN	548	19.4%	727	743
Other States	53	1.9%	71	73
Total	2,820	100.0%	3,747	3,831

Source: 2017 ASTC Joint Annual Report; internal data (cases) and projections.

The Applicant has also analyzed its patient origin by ZIP code. A map that highlights its top ZIP codes in terms of surgical cases is presented in CON Attachment Tab 10.

The present location of the applicant is ZIP code 37115. This ZIP code is the fourth largest referral source for Northridge, from which it received 184 patients in 2017. Northridge

seeks approval to relocate to adjacent ZIP code 37075, from which it received the largest number of patients (370) in 2017. The second largest patient referral ZIP code is 37066 (221 patients), which is adjacent to 37075, but not to 37115. Moving from 37115 to 37075 will allow Northridge to provide better access to its two largest ZIP code referral sources. 37075 and 37066, while still serving its other existing patient populations.

The population and forecasted growth of the four-county service area supports continued and successful service of the applicant. All of the service area counties have population growth projections that exceed the Tennessee average. The following table shows 2018-2022 total population data by county.

Service Area	Total Population		Change	Growth
	2018	2022		
Davidson	700,384	729,829	29,445	4.2%
Robertson	70,887	74,156	3,269	4.6%
Sumner	185,950	197,436	11,486	6.2%
Wilson	137,945	147,967	10,022	7.3%
Subtotal	1,095,166	1,149,388	54,222	5.0%
Tennessee	6,769,368	6,992,559	223,191	3.3%

Source: UT-CBER, reassembled by TN DOH; TN-CoPopProj_2017 series (May 2018).

There are many ASTCs and hospital providers of outpatient surgery services in the four-county service area. The following table shows 2015-2017 utilization data for Northridge Surgery Center and ASTCs located in Sumner County.

ASTC	2015-2017		2015		2016		2017	
	# ORs	# PRs	OR Cases	PR Cases	OR Cases	PR Cases	OR Cases	PR Cases
Northridge SC	5	2/1	1766	538	5	2171	5	2587
Green Surgery Center	1	1	739	285	1	711	1	662
Indian Lake Surgery Center	2	1	720	56	2	894	2	770
Patient Partners	2	2	1372	3167	2	1472	2	1376
Total/Average	10	6/5	4597	4046	10	5248	10	5395

Source: ASTC JAR Master files (Excel).

While the three ASTCs in Sumner County provide options for Sumner County residents, the applicant has a four-county service area. Sumner County represents approximately 26 percent of its patients. The new site is only 9.5 miles from the existing location in an adjacent ZIP code and maintains convenient access to the same residents. The proposed project also improves patient satisfaction of their outpatient surgical care in a safe and attractive environment, and in a new facility with fresh furnishings and simple, efficient operations (HVAC, bathrooms, utilities).

Several other factors mitigate the effect of adverse impact: 1) Northridge Surgery

Center will have two fewer operating rooms: 2) out-migration of Sumner County residents provide an opportunity for providers to create in-county loyalty and patient satisfaction; and, 3) the ratio of ASTC operating rooms to population is very low. Please refer to Item 3: Need: Economic Efficiencies: Access, above, for detail.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Following are surgical case projections by quarter for the first two years of the proposed project by operating room type.

Quarter	Operating Room	Procedure Room	TOTAL
2020 Q1	815	93	908
2020 Q2	840	98	938
2020 Q3	860	103	963
2020 Q4	842	96	938
Year 1 Total	3,357	390	3,747
2021 Q1	850	95	945
2021 Q2	860	100	960
2021 Q3	865	107	972
2021 Q4	858	96	954
Year 2 Total	3,433	398	3,831

Source: Internal analysis.

The projections in the preceding table consider trends in outpatient surgical care in today's health care practice, historical volumes of the applicant, and the plans of various physician groups through interviews. Cases in the procedure room are from Pain Management care. Orthopedic surgeons, in particular, plan to consolidate their outpatient surgical practice in the relocated facility, and Total Joint Replacement cases will be introduced into this setting.

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.⁴

RESPONSE: The applicant is already accredited by The Joint Commission and will take the necessary measures to continue accreditation. Please refer to Tab 16 in the Appendices of the CON Application for this documentation.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: A summary of Year 2 utilization is shown in the following table, along with the anticipated number of physicians who will be using the facility. Total Joint Replacement surgeries will be provided by the Orthopedics staff.

	Year 2, 2021	
Specialty	Cases	Physicians
Dental/Oral Surgery	658	9
Ophthalmology	1,347	4
Orthopedics	838	11
Otolaryngology	301	2
Pain Management	398	2
Podiatry	185	6
Endoscopy		
Plastic Surgery	31	1
Neurosurgery	24	1
Total Joint Replace.	49	incl.
TOTAL	3,831	36

Source: internal analysis and physician interviews.

Anesthesia services have been provided by Anesthesia Medical Group (“AMG”). AMG employs 475 certified clinicians, including 110 physicians. It is headquartered in Nashville and serves Tennessee, Kentucky, and Pennsylvania. AMG is able to provide additional services, as needed. However, the marketplace also has other anesthesia service companies, and other options exist to obtain such services.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, Every citizen should have reasonable access to health care. the HSDA may decide to give special consideration to an applicant:
- Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
 - Who is a “safety net hospital” or a “children’s hospital” as defined by the Bureau of TennCare Essential Access Hospital payment program;
 - Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or
 - Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: The applicant has fully served, and will continue to do so, all programs

in which Saint Thomas Health participates -- including managed care organizations, Medicare, Medicaid and TennCare programs.

Attachment L

CON Replacement Page 15

July 25, 2018**4:15 P.M.**

Northridge proposed site to consolidate office practices in Hendersonville and Madison. Three new surgeons have also indicated their desire to practice at this proposed, new location.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: Not applicable. This proposed project is for a relocation and reduces the number of operating rooms from five to three.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: Not applicable. A relocation obviates the need for renovation of the existing facility location.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: The proposed relocation of the Northridge ASTC is part of a strategy to consolidate surgeon practice patterns and, secondarily, decompress highly utilized services at the Gallatin and Baptist ASTC sites. However, this project is also driven by the older facility and community environment and crime surrounding the present location. This ASTC will be located next to a medical office building and immediate care clinic.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable.

Please complete the following tables, if applicable:

Service Area Counties	2017 Utilization-County Residents (unduplicated patients)	% of Total Patients	Total Cases
Davidson	697	30.0%	871
Sumner	617	26.6%	747
Robertson	329	14.2%	458
Wilson	123	5.3%	143
Subtotal	1,766	76.1%	2,219
Other TN	518	22.3%	548
Other States	36	1.6%	53
Total	2,320	100.0%	2,820

Source: ASTC Joint Annual Report; internal data (Cases).

Attachment M

CON Replacement Page 26

PROJECT COST CHART

A. Construction and equipment acquired by purchase:

1.	Architectural and Engineering Fees	
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 125,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Total Construction Costs	
6.	Contingency Fund	\$ 100,000
7.	Fixed Equipment (Not included in Construction Contract)	\$ 700,000
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	\$ 4,135,071
9.	Other (Specify) _____	

B. Acquisition by gift, donation, or lease:

1.	Facility (inclusive of building and land)	\$ 11,986,742
2.	Building only	
3.	Land only	
4.	Equipment (Specify) _____	
5.	Other (Specify) _____	

C. Financing Costs and Fees:

1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) _____	

D. Estimated Project Cost
(A+B+C)

\$ 17,046,813

E. CON Filing Fee

\$ 95,000

F. Total Estimated Project Cost
(D+E)

TOTAL

\$ 17,141,813

Attachment N

CON Replacement Page 24

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

RESPONSE: The applicant acknowledges that the filing fee shall be an amount equal to \$5.75 per \$1,000 of the estimated project cost involved, but in no case shall the fee be less than \$15,000 or more than \$95,000. Enclosed please find a filing fee check in the amount of \$95,000 made payable to the Health Services and Development Agency.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: Lease terms were set through negotiation with an affiliated third party. Lease costs are calculated below.

	<u>Base Rent</u>	<u>Remaining</u>	<u>Total</u>
RSF:	16,500	<u>Lease on</u>	
		<u>Current Bldg</u>	
<u>Year</u>			
1	\$ 645,600	\$ 202,470	\$ 848,070
2	663,276		663,277
3	681,444		681,444
4	700,120		700,120
5	719,316		719,316
6	739,048		739,048
7	759,330		759,330
8	780,179		780,179
9	801,609		801,609
10	823,636		823,636
11	846,278		846,278
12	869,552		869,552
13	893,475		893,475
14	918,066		918,066
15	943,342		943,342
	\$ 11,784,272	\$ 202,470	\$ 11,986,742

Attachment O

Funding Letter, Landlord (for site)

July 25, 2018

4:19 PM
Pinnacle
FINANCIAL PARTNERS

July 5, 2018

Mr. Corey Ridgway
Market President, Operations
USPI
20 Burton Hills Blvd. Ste. 210
Nashville, TN 37215

RE: Bond E. Oman/OGA

Dear Corey:

Please accept this letter as formal notification that Mr. Oman, a long-term Commercial client, services approximately \$22,000,000+ in permanent loans, up to \$1,000,000 in credit lines and a maximum exposure of credit up to \$60,000,000 with Pinnacle Financial Advisors.

Mr. Oman complies with all Regulatory requirements imposed on the Bank with no derogatory remarks on his accounts, as well. Should you need additional information, you may contact me directly at deb.hennessee@PNFP.COM or 615-744-2933.

Respectfully Yours,



Deborah Hennessee
Senior Vice President

cc: Bond E. Oman
File

Appendix P

Hospital Transfer Agreements

FACILITY TRANSFER AGREEMENT (Revised 04-2011)

This Transfer Agreement (the "Agreement") is made as of this 1st day of March, 2014, by and between:
HTI Memorial Hospital Corporation
TriStar Skyline Medical Center
Northridge Surgery Center and

each individually referred to herein as "facility," or "Transferring Facility" if transferring a patient, or "Receiving Facility" if receiving a patient, pursuant to the terms and provisions of this Agreement, and collectively as "facilities."

WITNESSETH:

WHEREAS, the parties hereto desire to enter into this Agreement governing the transfer of patients between the two facilities;
and,

WHEREAS, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for ensuring the timely transfer of patients between the facilities:

NOW, THEREFORE, to facilitate the continuity of care and the timely transfer of patients and records between the facilities, the parties hereto agree as follows:

1. **Transfer of Patients.** In the event any patient of either facility is deemed by that facility (the "Transferring Facility") as requiring the services of the other facility (the "Receiving Facility") and the transfer is deemed medically appropriate, a member of the nursing staff of the Transferring Facility or the patient's attending physician will contact the admitting office or Emergency Department of the Receiving Facility to arrange for appropriate treatment as contemplated herein. All transfers between the facilities shall be made in accordance with applicable federal and state laws and regulations, the standards of the Joint Commission and any other applicable accrediting bodies, and reasonable policies and procedures of the facilities. Neither the decision to transfer a patient nor the decision to not accept a request to transfer a patient shall be predicated upon arbitrary, capricious, or unreasonable discrimination or based upon the patient's inability to pay for services rendered by either facility. The Receiving Facility's responsibility for the patient's care shall begin when the patient is admitted to the Receiving Facility.

2. **Responsibilities of the Transferring Facility.** The Transferring Facility shall be responsible for performing or ensuring performance of the following:

- (A) Provide, within its capabilities, for the medical screening and stabilizing treatment of the patient prior to transfer;
- (B) Arrange for appropriate and safe transportation and care of the patient during transfer, in accordance with applicable federal and state laws and regulations;
- (C) Designate a person who has authority to represent the Transferring Facility and coordinate the transfer of the patient from the facility;
- (D) Notify the Receiving Facility's designated representative prior to transfer to receive confirmation as to availability of appropriate facilities, services, and staff necessary to provide care to the patient;
- (E) Prior to patient transfer, the transferring physician shall contact and secure a receiving physician at the Receiving Facility who shall attend to the medical needs of the patient and who will accept responsibility for the patient's medical treatment and hospital care;
- (F) Provide, within its capabilities, appropriate personnel, equipment, and services to assist the transferring physician with the coordination and transfer of the patient;
- (G) Provide, within its capabilities, personnel, equipment, and life support measures determined appropriate for the transfer of the patient by the transferring physician;
- (H) Forward to the receiving physician and the Receiving Facility a copy of those portions of the patient's medical record that are available and relevant to the transfer and continued care of the patient, including records related to the patient's condition, observations of signs or symptoms, preliminary diagnosis, treatment provided, results of any tests, and with respect to a patient with an emergency medical condition that has not been stabilized, a copy of the patient's informed

consent to the transfer or physician certification that the medical benefits of the transfer outweigh the risk of transfer. If all necessary and relevant medical records are not available at the time the patient is transferred, then the records will be forwarded by the Transferring Facility as soon as possible;

- (I) Transfer the patient's personal effects, including, but not limited to, money and valuables, and information related to those items;
- (J) Notify the Receiving Facility of the estimated time of arrival of the patient;
- (K) Provide for the completion of a certification statement, summarizing the risk and benefits of the transfer of a patient with an emergency condition that has not been stabilized, by the transferring physician or other qualified personnel if the physician is not physically present at the facility at the time of transfer;
- (L) Acknowledge any contractual obligations and comply with any statutory or regulatory obligations that might exist between a patient and a designated provider;
- (M) Recognize the right of a patient to request to transfer into the care of a physician and facility of the patient's choosing;
- (N) Recognize the right of a patient to refuse consent to treatment or transfer;
- (O) Complete, execute, and forward a memorandum of transfer form to the Receiving Facility for every patient who is transferred;
- (P) Establish a policy and/or protocols (i) for maintaining the confidentiality of the patient's medical records in accordance with applicable state and federal law, and (ii) for the inventory and safekeeping of any patient valuables sent with the patient to the Receiving Facility; and,
- (Q) Recognize and comply with the requirements of any state law and regulations or local ordinances that apply to the care and transfer of patients.

3. **Responsibilities of the Receiving Facility.** The Receiving Facility shall be responsible for performing or ensuring performance of the following:

- (A) Provide, as promptly as possible, confirmation to the Transferring Facility regarding the availability of bed(s), appropriate facilities, services, and staff necessary to treat the patient and confirmation that the Receiving Facility has agreed to accept transfer of the patient. The Receiving Facility shall respond to the Transferring Facility within sixty (60) minutes after receipt of the request to transfer a patient with an emergency medical condition or in active labor;
- (B) Provide, within its capabilities, appropriate personnel, equipment, and services to assist the receiving physician with the receipt and treatment of the patient transferred and maintain a call roster of physicians at the Receiving Facility;
- (C) Reserve beds, facilities, and services as appropriate for patients being transferred from the Transferring Facility who have been accepted by the Receiving Facility and a receiving physician, if deemed necessary by a transferring physician unless such are needed by the Receiving Facility for an emergency;
- (D) Designate a person who has authority to represent and coordinate the transfer and receipt of patients into the facility;
- (E) When appropriate and within its capabilities, assist with the transportation of the patient as determined appropriate by the transferring or receiving physician;
- (F) Provide the Transferring Facility with a copy of the patient's clinical or medical records, including any record generated in the emergency department;
- (G) Maintain the confidentiality of the patient's clinical or medical records in accordance with applicable state and federal law;
- (H) Establish a policy and/or protocols (i) for maintaining the confidentiality of the patient's clinical or medical records in accordance with applicable state and federal law, (ii) for the receipt of the patient into the facility, and (iii) for the acknowledgment and inventory of any patient valuables transported with the patient;

- (I) Provide for the return transfer of patients to the Transferring Facility when requested by the patient or the Transferring Facility and ordered by the patient's attending/transferring physician, if the Transferring Facility has a statutory or regulatory obligation to provide health care assistance to the patient, and if transferred back to the Transferring Facility, provide the items and services specified in Section 2 of this Agreement;
- (J) Provide the Transferring Facility any information available about the patient's coverage or eligibility under a third party coverage plan, Medicare or Medicaid, or a healthcare assistance program established by a county, public hospital, or hospital district;
- (K) Upon request, provide current information concerning its eligibility standards and payment practices to the Transferring Facility and patient;
- (L) Acknowledge any contractual obligations and comply with any statutory or regulatory obligations that might exist between a patient and a designated provider;
- (M) Complete, execute, and return the memorandum of transfer form to the Transferring Facility; and,
- (N) Recognize and comply with the requirements of any state law and regulations or local ordinances that apply to the care and transfer of patients.

4. **Billing.** All claims or charges incurred with respect to any services performed by either facility for patients received from the other facility pursuant to this Agreement shall be billed and collected by the facility providing such services directly from the patient, third party payer, Medicare or Medicaid, or other sources appropriately billed by that facility, unless applicable law and regulations require that one facility bill the other facility for such services. *In those cases in which the regulations apply, the facilities shall bill in accordance to the regulations that apply to skilled nursing facility prospective payment system ("SNF PPS") and consolidated billing. In those cases in which payment rates are consistent with SNF PPS regulations and have been negotiated, such payment shall be made at NA % of charges or in accordance with the payment fee schedule, labeled as Exhibit NA, attached hereto and incorporated herein by this reference.* In addition, it is understood that professional fees will be billed by those physicians or other professional providers who actually participate in the care and treatment of the patient and who are entitled to bill for their professional services at usual and customary rates. Each facility agrees to provide information in its possession to the other facility and such physicians or professional providers sufficient to enable them to bill the patient, responsible party, or appropriate third party payer.

5. **Transfer Back; Discharge; Policies.** At such time as the patient is ready for transfer back to the Transferring Facility or another health care facility or discharge from the Receiving Facility, in accordance with the direction from the Transferring Facility and with the proper notification of the patient's family or guardian, the patient will be transferred to the agreed upon location. If the patient is to be transferred back to the Transferring Facility, the Receiving Facility will be responsible for the care of the patient up until the time the patient is re-admitted to the Transferring Facility. Such transfers shall be conducted in accordance with HCA Healthcare Corporation Ethics and Compliance Policies and Procedures (e.g., *Discharge Planning and Referrals of Patients to Post Discharge Providers Policy, LL.HH.016 and EMTALA – Transfer Policy, EM.003*).

6. **Compliance with Law.** Both facilities shall comply with all applicable federal and state laws, rules and regulations, including, without limitation, those laws and regulations governing the maintenance of clinical or medical records and confidentiality of patient information as well as with all standards promulgated by any relevant accrediting agency.

7. **Indemnification; Insurance.** The facilities shall each be responsible for their own acts and omissions in the performance of their duties hereunder, and the acts and omissions of their own employees and agents, and shall indemnify and hold harmless the other party from and against any and all claims, liabilities, causes of action, losses, costs, damages and expenses (including reasonable attorney's fees) incurred by the other party as a result of such acts and omissions. In addition, each party shall maintain, throughout the term of this Agreement, comprehensive general and professional liability insurance and property damage insurance coverage in amounts reasonably acceptable to the other party, and shall provide evidence of such coverage upon request.

8. **Term; Termination.** The term of this Agreement shall be a minimum of one (1) year, commencing on the 1st day of March, 2014, and ending on the 1st day of March, 2015, unless sooner terminated as provided herein. Either party may terminate this Agreement without cause upon thirty (30) days advance written notice to the other party. Either party may terminate this Agreement upon breach by the other party of any material provision of this Agreement, provided such breach continues for five (5) days after receipt by the breaching party of written notice of such breach from the non-breaching party. In addition, this Agreement may be terminated immediately upon the occurrence of any of the following events:

- (A) Either facility closes or discontinues operation to such an extent that patient care cannot be carried out adequately, or

July 25, 2018

4:19 P.M.

- (B) Either facility loses its license, or Medicare certification.

This Agreement may be renewed for subsequent one (1) year terms upon the mutual written consent of the parties.

9. **Arbitration.** Any dispute or controversy arising under, out of or in connection with, or in relation to this Agreement, or any amendment hereof, or the breach hereof shall be determined and settled by arbitration in Nashville, Tennessee, in accordance with the rules of the American Health Lawyers Association Alternative Dispute Resolution Services and applying the laws of the state specified in section 11 below. Any award rendered by the arbitrator shall be final and binding upon each of the parties, and judgment thereof may be entered in any court having jurisdiction thereof. The costs shall be borne equally by both parties. During the pendency of any such arbitration and until final judgment thereon has been entered, this Agreement shall remain in full force and effect unless otherwise terminated provided hereunder.

10. **Entire Agreement; Modification.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties relating to such subject matter. This Agreement may not be amended or modified except by mutual written agreement.

11. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Tennessee in which the facility affiliated with HCA is located.

12. **Partial Invalidity.** If any provision of this Agreement is prohibited by law or court decree of any jurisdiction, said prohibition shall not invalidate or affect the remaining provisions of this Agreement.

13. **Notices.** All notices hereunder by either party to the other shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to: HTI Memorial Hospital Corporation dba
TriStar Skyline Medical Center
3441 Dickerson Pike
Nashville, Tennessee 37207
Attention: Chief Executive Officer

Copy to: One Park Plaza, P.O. Box 550
Nashville, Tennessee 37202-0550
Attention: Kelly Duggan, Operations Counsel

If to: Northridge Surgery Center
647 Myatt Drive
Madison, TN 37115
Attention: Chief Executive Officer

or to such other persons or places as either party may from time to time designate by written notice to the other.

14. **Waiver.** A waiver by either party of a breach or failure to perform hereunder shall not constitute a waiver of any subsequent breach or failure.

15. **Assignment; Binding Effect.** Each facility shall not assign or transfer, in whole or in part, this Agreement or any of its rights, duties or obligations under this Agreement without the prior written consent of the other Facility, and any assignment or transfer by either Facility without such consent shall be null and void. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and permitted assigns.

16. **Change in Law.** Notwithstanding any other provision of this Agreement, if the governmental agencies (or their representatives) which administer Medicare, any other payer, or any other federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation, or if any court of competent jurisdiction renders any decision or issues any order, at any time while this Agreement is in effect, which prohibits, restricts, limits or in any way substantially changes the method or amount of reimbursement or payment for services rendered under this Agreement, or which otherwise significantly affects either party's rights or obligations hereunder, either party may give the other notice of intent to amend this Agreement to the satisfaction of both parties, to compensate for such prohibition, restriction, limitation or change. If this Agreement is not so amended in writing within thirty (30) days after said notice was given, this Agreement shall terminate as of midnight on the thirtieth (30th) day after said notice was given.

July 25, 2018**4:19 P.M.**

17. **Warranty of Non-Exclusion.** Each party represents and warrants to the other that the party, its officers, directors and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "federal healthcare programs"), (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the federal healthcare programs, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in the party or any such individual being excluded from participation in the federal healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and each party shall immediately notify the other of any change in the status of the representations and warranty set forth in this section. Any breach of this section shall give the other party the right to terminate this Agreement immediately for cause.

18. **HIPAA Compliance Requirements.** To the extent applicable to this Agreement, Contractor agrees to comply with the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 USC § 1320d through d-8 ("HIPAA") and any current and future regulations promulgated under either the HITECH Act or HIPAA, including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the "Federal Electronic Transactions Regulations"), all as may be amended from time to time, and all collectively referred to herein as "HIPAA Requirements." Contractor agrees to enter into any further agreements as necessary to facilitate compliance with HIPAA Requirements.

19. **Access To Records.** Pursuant to the requirements of 42 CFR § 420.300 et seq., each party agrees to make available to the Secretary of Health and Human Services ("HHS"), the Comptroller General of the Government Accounting Office ("GAO") or their authorized representatives, all contracts, books, documents and records relating to the nature and extent of costs hereunder for a period of four (4) years after the furnishing of Services hereunder for any and all Services furnished under this Agreement. In addition, each party hereby agrees to require by contract that each subcontractor makes available to the HHS and GAO, or their authorized representative, all contracts, books, documents and records relating to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of Services thereunder.

20. **Execution of Agreement.** This Agreement shall not become effective or in force until all of the below named parties have fully executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Northridge Surgery Center

By: _____

Its: _____

HTI Memorial Hospital Corporation dba

TriStar Skyline Medical Center

By: _____

Its: Chief Executive Officer (Steve Otto)

July 25, 2018

4:19 P.M.

FACILITY TRANSFER AGREEMENT (Revised 04-2011)

This Transfer Agreement (the "Agreement") is made as of this 15th day of June, 2014, by and between:
Hendersonville Hospital Corporation, doing business as
TriStar Hendersonville Medical Center and
Northridge Surgery Center
 each individually referred to herein as "facility," or "Transferring Facility" if transferring a patient, or "Receiving Facility" if receiving a patient, pursuant to the terms and provisions of this Agreement, and collectively as "facilities."

WITNESSETH:

WHEREAS, the parties hereto desire to enter into this Agreement governing the transfer of patients between the two facilities;
 and,

WHEREAS, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for ensuring the timely transfer of patients between the facilities;

NOW, THEREFORE, to facilitate the continuity of care and the timely transfer of patients and records between the facilities, the parties hereto agree as follows:

1. **Transfer of Patients.** In the event any patient of either facility is deemed by that facility (the "Transferring Facility") as requiring the services of the other facility (the "Receiving Facility") and the transfer is deemed medically appropriate, a member of the nursing staff of the Transferring Facility or the patient's attending physician will contact the admitting office or Emergency Department of the Receiving Facility to arrange for appropriate treatment as contemplated herein. All transfers between the facilities shall be made in accordance with applicable federal and state laws and regulations, the standards of the Joint Commission and any other applicable accrediting bodies, and reasonable policies and procedures of the facilities. Neither the decision to transfer a patient nor the decision to not accept a request to transfer a patient shall be predicated upon arbitrary, capricious, or unreasonable discrimination or based upon the patient's inability to pay for services rendered by either facility. The Receiving Facility's responsibility for the patient's care shall begin when the patient is admitted to the Receiving Facility.

2. **Responsibilities of the Transferring Facility.** The Transferring Facility shall be responsible for performing or ensuring performance of the following:

- (A) Provide, within its capabilities, for the medical screening and stabilizing treatment of the patient prior to transfer;
- (B) Arrange for appropriate and safe transportation and care of the patient during transfer, in accordance with applicable federal and state laws and regulations;
- (C) Designate a person who has authority to represent the Transferring Facility and coordinate the transfer of the patient from the facility;
- (D) Notify the Receiving Facility's designated representative prior to transfer to receive confirmation as to availability of appropriate facilities, services, and staff necessary to provide care to the patient;
- (E) Prior to patient transfer, the transferring physician shall contact and secure a receiving physician at the Receiving Facility who shall attend to the medical needs of the patient and who will accept responsibility for the patient's medical treatment and hospital care;
- (F) Provide, within its capabilities, appropriate personnel, equipment, and services to assist the transferring physician with the coordination and transfer of the patient;
- (G) Provide, within its capabilities, personnel, equipment, and life support measures determined appropriate for the transfer of the patient by the transferring physician;
- (H) Forward to the receiving physician and the Receiving Facility a copy of those portions of the patient's medical record that are available and relevant to the transfer and continued care of the patient, including records related to the patient's condition, observations of signs or symptoms, preliminary diagnosis, treatment provided, results of any tests, and with respect to a patient with an emergency medical condition that has not been stabilized, a copy of the patient's informed

consent to the transfer or physician certification that the medical benefits of the transfer outweigh the risk of transfer. If all necessary and relevant medical records are not available at the time the patient is transferred, then the records will be forwarded by the Transferring Facility as soon as possible;

- (I) Transfer the patient's personal effects, including, but not limited to, money and valuables, and information related to those items;
- (J) Notify the Receiving Facility of the estimated time of arrival of the patient;
- (K) Provide for the completion of a certification statement, summarizing the risk and benefits of the transfer of a patient with an emergency condition that has not been stabilized, by the transferring physician or other qualified personnel if the physician is not physically present at the facility at the time of transfer;
- (L) Acknowledge any contractual obligations and comply with any statutory or regulatory obligations that might exist between a patient and a designated provider;
- (M) Recognize the right of a patient to request to transfer into the care of a physician and facility of the patient's choosing;
- (N) Recognize the right of a patient to refuse consent to treatment or transfer;
- (O) Complete, execute, and forward a memorandum of transfer form to the Receiving Facility for every patient who is transferred;
- (P) Establish a policy and/or protocols (i) for maintaining the confidentiality of the patient's medical records in accordance with applicable state and federal law, and (ii) for the inventory and safekeeping of any patient valuables sent with the patient to the Receiving Facility; and,
- (Q) Recognize and comply with the requirements of any state law and regulations or local ordinances that apply to the care and transfer of patients.

3. **Responsibilities of the Receiving Facility.** The Receiving Facility shall be responsible for performing or ensuring performance of the following:

- (A) Provide, as promptly as possible, confirmation to the Transferring Facility regarding the availability of bed(s), appropriate facilities, services, and staff necessary to treat the patient and confirmation that the Receiving Facility has agreed to accept transfer of the patient. The Receiving Facility shall respond to the Transferring Facility within sixty (60) minutes after receipt of the request to transfer a patient with an emergency medical condition or in active labor;
- (B) Provide, within its capabilities, appropriate personnel, equipment, and services to assist the receiving physician with the receipt and treatment of the patient transferred and maintain a call roster of physicians at the Receiving Facility;
- (C) Reserve beds, facilities, and services as appropriate for patients being transferred from the Transferring Facility who have been accepted by the Receiving Facility and a receiving physician, if deemed necessary by a transferring physician unless such are needed by the Receiving Facility for an emergency;
- (D) Designate a person who has authority to represent and coordinate the transfer and receipt of patients into the facility;
- (E) When appropriate and within its capabilities, assist with the transportation of the patient as determined appropriate by the transferring or receiving physician;
- (F) Provide the Transferring Facility with a copy of the patient's clinical or medical records, including any record generated in the emergency department;
- (G) Maintain the confidentiality of the patient's clinical or medical records in accordance with applicable state and federal law;
- (H) Establish a policy and/or protocols (i) for maintaining the confidentiality of the patient's clinical or medical records in accordance with applicable state and federal law, (ii) for the receipt of the patient into the facility, and (iii) for the acknowledgment and inventory of any patient valuables transported with the patient;

- (I) Provide for the return transfer of patients to the Transferring Facility when requested by the patient or the Transferring Facility and ordered by the patient's attending/transferring physician, if the Transferring Facility has a statutory or regulatory obligation to provide health care assistance to the patient, and if transferred back to the Transferring Facility, provide the items and services specified in Section 2 of this Agreement;
- (J) Provide the Transferring Facility any information available about the patient's coverage or eligibility under a third party coverage plan, Medicare or Medicaid, or a healthcare assistance program established by a county, public hospital, or hospital district;
- (K) Upon request, provide current information concerning its eligibility standards and payment practices to the Transferring Facility and patient;
- (L) Acknowledge any contractual obligations and comply with any statutory or regulatory obligations that might exist between a patient and a designated provider;
- (M) Complete, execute, and return the memorandum of transfer form to the Transferring Facility; and,
- (N) Recognize and comply with the requirements of any state law and regulations or local ordinances that apply to the care and transfer of patients.

4. **Billing.** All claims or charges incurred with respect to any services performed by either facility for patients received from the other facility pursuant to this Agreement shall be billed and collected by the facility providing such services directly from the patient, third party payer, Medicare or Medicaid, or other sources appropriately billed by that facility, unless applicable law and regulations require that one facility bill the other facility for such services. *In those cases in which the regulations apply, the facilities shall bill in accordance to the regulations that apply to skilled nursing facility prospective payment system ("SNF PPS") and consolidated billing. In those cases in which payment rates are consistent with SNF PPS regulations and have been negotiated, such payment shall be made at NA % of charges or in accordance with the payment fee schedule, labeled as Exhibit NA, attached hereto and incorporated herein by this reference.* In addition, it is understood that professional fees will be billed by those physicians or other professional providers who actually participate in the care and treatment of the patient and who are entitled to bill for their professional services at usual and customary rates. Each facility agrees to provide information in its possession to the other facility and such physicians or professional providers sufficient to enable them to bill the patient, responsible party, or appropriate third party payer.

5. **Transfer Back; Discharge; Policies.** At such time as the patient is ready for transfer back to the Transferring Facility or another health care facility or discharge from the Receiving Facility, in accordance with the direction from the Transferring Facility and with the proper notification of the patient's family or guardian, the patient will be transferred to the agreed upon location. If the patient is to be transferred back to the Transferring Facility, the Receiving Facility will be responsible for the care of the patient up until the time the patient is re-admitted to the Transferring Facility. Such transfers shall be conducted in accordance with HCA Healthcare Corporation Ethics and Compliance Policies and Procedures (e.g., *Discharge Planning and Referrals of Patients to Post Discharge Providers Policy, LL.HH.016 and EMTALA - Transfer Policy, EM.003*).

6. **Compliance with Law.** Both facilities shall comply with all applicable federal and state laws, rules and regulations, including, without limitation, those laws and regulations governing the maintenance of clinical or medical records and confidentiality of patient information as well as with all standards promulgated by any relevant accrediting agency.

7. **Indemnification; Insurance.** The facilities shall each be responsible for their own acts and omissions in the performance of their duties hereunder, and the acts and omissions of their own employees and agents, and shall indemnify and hold harmless the other party from and against any and all claims, liabilities, causes of action, losses, costs, damages and expenses (including reasonable attorney's fees) incurred by the other party as a result of such acts and omissions. In addition, each party shall maintain, throughout the term of this Agreement, comprehensive general and professional liability insurance and property damage insurance coverage in amounts reasonably acceptable to the other party, and shall provide evidence of such coverage upon request.

8. **Term; Termination.** The term of this Agreement shall be a minimum of one (1) year, commencing on the 15th day of June, 2014, and ending on the 15th day of June, 2015, unless sooner terminated as provided herein. Either party may terminate this Agreement without cause upon thirty (30) days advance written notice to the other party. Either party may terminate this Agreement upon breach by the other party of any material provision of this Agreement, provided such breach continues for five (5) days after receipt by the breaching party of written notice of such breach from the non-breaching party. In addition, this Agreement may be terminated immediately upon the occurrence of any of the following events:

- (A) Either facility closes or discontinues operation to such an extent that patient care cannot be carried out adequately, or

July 25, 2018

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(B) Either facility loses its license, or Medicare certification.

This Agreement may be renewed for subsequent one (1) year terms upon the mutual written consent of the parties.

9. **Arbitration.** Any dispute or controversy arising under, out of or in connection with, or in relation to this Agreement, or any amendment hereof, or the breach hereof shall be determined and settled by arbitration in Nashville, Tennessee, in accordance with the rules of the American Health Lawyers Association Alternative Dispute Resolution Services and applying the laws of the state specified in section 11 below. Any award rendered by the arbitrator shall be final and binding upon each of the parties, and judgment thereof may be entered in any court having jurisdiction thereof. The costs shall be borne equally by both parties. During the pendency of any such arbitration and until final judgment thereon has been entered, this Agreement shall remain in full force and effect unless otherwise terminated provided hereunder.

10. **Entire Agreement; Modification.** This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, and all other communications between the parties relating to such subject matter. This Agreement may not be amended or modified except by mutual written agreement.

11. **Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Tennessee in which the facility affiliated with HCA is located.

12. **Partial Invalidity.** If any provision of this Agreement is prohibited by law or court decree of any jurisdiction, said prohibition shall not invalidate or affect the remaining provisions of this Agreement.

13. **Notices.** All notices hereunder by either party to the other shall be in writing, delivered personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, postage prepaid, addressed as follows:

If to: Hendersonville Hospital Corporation dba
TriStar Hendersonville Medical Center
355 New Shackle Island Rd
Hendersonville, Tennessee 37075
Attention: Chief Executive Officer

Copy to: One Park Plaza, P.O. Box 550
Nashville, Tennessee 37202-0550
Attention: Kelly Duggan, Operations Counsel

If to: Northridge Surgery Center
647 Myatt Drive
Madison, TN 37115
Attention: Chief Executive Officer

or to such other persons or places as either party may from time to time designate by written notice to the other.

14. **Waiver.** A waiver by either party of a breach or failure to perform hereunder shall not constitute a waiver of any subsequent breach or failure.

15. **Assignment; Binding Effect.** Each facility shall not assign or transfer, in whole or in part, this Agreement or any of its rights, duties or obligations under this Agreement without the prior written consent of the other Facility, and any assignment or transfer by either Facility without such consent shall be null and void. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and permitted assigns.

16. **Change in Law.** Notwithstanding any other provision of this Agreement, if the governmental agencies (or their representatives) which administer Medicare, any other payer, or any other federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation, or if any court of competent jurisdiction renders any decision or issues any order, at any time while this Agreement is in effect, which prohibits, restricts, limits or in any way substantially changes the method or amount of reimbursement or payment for services rendered under this Agreement, or which otherwise significantly affects either party's rights or obligations hereunder, either party may give the other notice of intent to amend this Agreement to the satisfaction of both parties, to compensate for such prohibition, restriction, limitation or change. If this Agreement is not so amended in writing within thirty (30) days after said notice was given, this Agreement shall terminate as of midnight on the thirtieth (30th) day after said notice was given.

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17. **Warranty of Non-Exclusion.** Each party represents and warrants to the other that the party, its officers, directors and employees (i) are not currently excluded, debarred, or otherwise ineligible to participate in the federal health care programs as defined in 42 U.S.C. §1320a-7b(f) (the "federal healthcare programs"), (ii) have not been convicted of a criminal offense related to the provision of healthcare items or services but have not yet been excluded, debarred, or otherwise declared ineligible to participate in the federal healthcare programs, and (iii) are not, to the best of its knowledge, under investigation or otherwise aware of any circumstances which may result in the party or any such individual being excluded from participation in the federal healthcare programs. This shall be an ongoing representation and warranty during the term of this Agreement and each party shall immediately notify the other of any change in the status of the representations and warranty set forth in this section. Any breach of this section shall give the other party the right to terminate this Agreement immediately for cause.

18. **HIPAA Compliance Requirements.** To the extent applicable to this Agreement, Contractor agrees to comply with the Health Information Technology for Economic and Clinical Health Act of 2009 (the "HITECH Act"), the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 USC § 1320d through d-8 ("HIPAA") and any current and future regulations promulgated under either the HITECH Act or HIPAA, including without limitation the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164 (the "Federal Privacy Regulations"), the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164 (the "Federal Security Regulations"), and the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 (the "Federal Electronic Transactions Regulations"), all as may be amended from time to time, and all collectively referred to herein as "HIPAA Requirements." Contractor agrees to enter into any further agreements as necessary to facilitate compliance with HIPAA Requirements.

19. **Access To Records.** Pursuant to the requirements of 42 CFR §420.300 et seq., each party agrees to make available to the Secretary of Health and Human Services ("HHS"), the Comptroller General of the Government Accounting Office ("GAO") or their authorized representatives, all contracts, books, documents and records relating to the nature and extent of costs hereunder for a period of four (4) years after the furnishing of Services hereunder for any and all Services furnished under this Agreement. In addition, each party hereby agrees to require by contract that each subcontractor makes available to the HHS and GAO, or their authorized representative, all contracts, books, documents and records relating to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of Services thereunder.

20. **Execution of Agreement.** This Agreement shall not become effective or in force until all of the below named parties have fully executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Northridge Surgery Center

By: 

Its: Administrator (Tim Shannon)

Hendersonville Hospital Corporation dba

TriStar Hendersonville Medical Center

By: 

Its: Chief Executive Officer (Regina Bartlett)

Attachment Q

2015 Survey Letter and License

July 25, 2018

4:19 P.M.



**STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 STRAWBERRY PLAINS PIKE, SUITE 103
KNOXVILLE, TN 37914
PHONE: (865) 594-9396 FAX: (865) 594-5739**

July 2, 2015

Mr. Timothy E. Shannon, Administrator
Northridge Surgery Center, LP
647 Myatt Drive
Madison, TN 37115

Provider Number: 44C0001008

Dear Mr. Shannon:

Enclosed is the Statement of Deficiencies developed as the result of the survey conducted at Northridge Surgery Center, LP on June 22 - 24, 2015.

In accordance with CFR Title 42 §488.28(b), you are requested to submit a Plan of Correction within ten (10) calendar days after receipt of this letter with acceptable time frames for correction of the cited deficiencies. Corrective action should be achieved no later than ~~Aug~~ **Aug 8, 2015**, the 45th day from the date of the survey. Please notify this office when these deficiencies are corrected. A revisit may be conducted to verify compliance. Once corrective action is confirmed, a favorable recommendation for recertification will be considered.

Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice;
- How you will identify other patients having the potential to be affected by the same deficiency practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

July 25, 2018

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Mr. Timothy E. Shannon

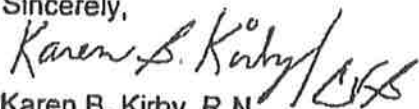
July 2, 2015

Page 2

Please remember the administrator's signature and date signed must be on the appropriate line at the bottom of form CMS 2567 Statement of Deficiencies/Plan of Correction. Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

Should you have any questions or if there is any way this office may be of assistance, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen B. Kirby", followed by a stylized flourish or set of initials.

Karen B. Kirby, R.N.
Regional Administrator
East TN Health Care Facilities

KBK:cvb

Enclosure

July 25, 2018

4:19 P.M.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICESPRINTED: 06/25/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 44C0001008	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 06/24/2015
NAME OF PROVIDER OR SUPPLIER NORTHRIDGE SURGERY CENTER, LP		STREET ADDRESS, CITY, STATE, ZIP CODE 647 MYATT DRIVE MADISON, TN 37115		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
Q 000	INITIAL COMMENTS During a Recertification Survey completed 6/22/15 to 6/24/15, no deficiencies were cited under 42 CFR Part 416, Requirements for Ambulatory Surgical Centers.	Q 000		
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE		TITLE		(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

July 25, 2018

4:19 P.M.

PRINTED: 06/25/2015
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TNP53516	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 06/24/2015
NAME OF PROVIDER OR SUPPLIER NORTHRIDGE SURGERY CENTER, LP		STREET ADDRESS, CITY, STATE, ZIP CODE 647 MYATT DRIVE MADISON, TN 37115	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS REFERENCED TO THE APPROPRIATE DEFICIENCY)
A 001	1200-8-10 Initial	A 001	
	During a Licensure Survey completed on 6/24/15, no deficiencies were cited under 1200-8-10, Standards for Ambulatory Surgical Treatment Centers.		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X5) DATE

July 25, 2018

4:19 P.M.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICESPRINTED: 06/25/2015
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER 44C0001008	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN BUILDING B WING _____		(X3) DATE SURVEY COMPLETED 06/23/2015
NAME OF PROVIDER OR SUPPLIER NORTHRIDGE SURGERY CENTER, LP		STREET ADDRESS, CITY, STATE, ZIP CODE 647 MYATT DRIVE MADISON, TN 37115		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130	NFPA 101 MISCELLANEOUS OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: Based on observations, the facility failed to maintain the sprinkler system. The finding included: Obsrevation of the sprinkler riser room on 6/24/2015 at 11:12 A.M., revealed the hydraulic name plate was missing. NFPA 13, 10-5, 1999 Edition. This finding was verified and acknowledge by the administrator during the exit conference on 6/24/2015.	K 130		
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE		TITLE		(X5) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

July 25, 2018

4:19 P.M.

PRINTED: 06/25/2015
FORM APPROVED

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER TNP53516	(X2) MULTIPLE CONSTRUCTION A BUILDING 02 - MAIN BUILDING B WING _____	(X3) DATE SURVEY COMPLETED 06/23/2015
NAME OF PROVIDER OR SUPPLIER NORTHRIDGE SURGERY CENTER, LP		STREET ADDRESS CITY, STATE, ZIP CODE 647 MYATT DRIVE MADISON, TN 37115	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)
A 002	1200-8-10 No Deficiencies Based on observations, testing, and document review, the facility had no life safety deficiencies.	A 002	

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

NAME OF FACILITY
NORTHBRIDGE SURGERY CENTER, LP

(X1) PROVIDER/SUPPLIER/CLIA
IDENTIFICATION NUMBER:
44C0001008

STREET ADDRESS, CITY, STATE, ZIP CODE
647 MYATT DR. MADISON, TN 37115

(X2) MULTIPLE CONSTRUCTION
A. BUILDING 02 - MAIN
B. WING

(X3) DATE SURVEY COMPLETED
06/23/2015

(X4) ID
PREFIX
TAG
K 130

SUMMARY STATEMENT OF DEFICIENCIES
(EACH DEFICIENCY SHOULD BE PRECEDED BY FULL
REGULATORY OR LSC IDENTIFYING INFORMATION)

NFPA 101 MISCELLANEOUS
OTHER LSC DEFICIENCY NOT ON 2786

This STANDARD is not met as evidenced by:
Based on observations, the facility failed to
maintain the sprinkler system.

The finding included:

Observation of the sprinkler riser room on
6/24/2015 at 11:12 A.M., revealed the hydraulic
name plate was missing. NFPA 13, 10-5, 1999
Edition.

This finding was verified and acknowledged by the
administrator during the exit conference on
6/24/2015.

PLAN OF CORRECTION
(EACH CORRECTIVE ACTION SHOULD BE
CROSS-REFERRED TO THE APPROPRIATE DEFICIENCY)

• Contact contracted Sprinkler company for assessment and correction
• Have replacement hydraulic name plate installed as soon as possible.
Discrepancy was corrected on 7/9/2015 and picture of new name plate is
attached to this Plan of Correction.

ID
PREFIX
TAG
K 130

(X5)
COMPLETION
DATE
7/9/2015

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See reverse for further instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE
Helen M. Strader

(X6) DATE
7/8/15

FORM CMS-2567 (02-99) Previous Versions Obsolete

If continuation sheet Page 1 of 1

July 25, 2018

4:19 P.M.

HYDRAULIC SYSTEM

This Building is Protected
by a Hydraulically Designed
Automatic Sprinkler System.

Location

Waiting

No. of Sprinklers

147

Basis of Design

1. DENSITY

7.0 GPM / SQ. FT.

2. DESIGNED AREA OF DISCHARGE

1500 SQ. FT.

System Demand

1. GPM DISCHARGE

GPM

2. RESIDUAL PRESSURE AT THE
BASE OF THE RISER

PSI

July 25, 2018

4:19 P.M.



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
7175 STRAWBERRY PLAINS PIKE, SUITE 103
KNOXVILLE, TN 37914

November 17, 2015

Mr. Timothy E. Shannon, Administrator
Northridge Surgery Center, LP
647 Myatt Drive
Madison, TN 37115

Provider # 44C0001008

Dear Mr. Shannon:

The East Tennessee Regional Office of Health Care Facilities conducted a recertification survey at Northridge Surgery Center, LP on June 22 – 24, 2015. A Fire Safety on-site visit of your plan of correction for the deficiencies cited as a result of the survey was conducted on August 17, 2015. Based on the review, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of July 8, 2015.

If you should have any questions, please contact the East Tennessee Regional Office at (865) 594-9396.

Sincerely,

A handwritten signature in cursive script that reads "Karen B. Kirby" followed by a stylized flourish.

Karen B. Kirby, R.N.
Regional Administrator
East TN Health Care Facilities

KBK:cvb

July 25, 2018

4:19 P.M.

Board for Licensing Health Care Facilities

State of



Tennessee

License No.

0000000016

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to
 NORTHRIDGE SURGERY CENTER, LP
to conduct and maintain

an *Outpatient Surgical Treatment Center* NORTHRIDGE SURGERY CENTER, LP

Located at 647 MYATT DRIVE, MADISON

County of DAVIDSON, Tennessee.

This license shall expire APRIL 19, 2019, *and is subject*
to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,
and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the
laws of the State of Tennessee or the rules and regulations of the State Department of Health issued hereunder.
In Witness Whereof, we have hereunto set our hand and seal of the State this 20TH *day of* MARCH, 2018.



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

Lucius J. Davis, MPH

John J. Davis
 COMMISSIONER

Attachment R

Affidavit

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Davidson

NAME OF FACILITY: Northridge Surgery Center

I, M. Corey Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

MCR Vice President & Market President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25 day of July, 2018, witness my hand at office in the County of Davidson, State of Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires September 10, 2018.



Additional Information (Original)

Northridge Surgery
Center, LP

CN1806-023

Marlar, Lori

**Additional
Information**

From: Kent Lederman <KLederman@thestrategyhouse.net>
Sent: Thursday, July 26, 2018 2:08 PM
To: Marlar, Lori
Cc: Ridgway, Corey; Bob Limyansky
Subject: [External] Northridge: Fully Executed Option to Lease
Attachments: G-Signed OptiontoLeaseAgreement.pdf

**July 26, 2018
4:01 P.M.**

TO WHOM IT MAY CONCERN

Please accept this fully executed Option to Lease and place under Attachment G of the Supplemental Response for project number CN 1806-023.

Kent Lederman, FACHE

Senior Consultant
The Strategy House
770-394-8465, ext. 111

**July 26, 2018
4:01 P.M.**

OPTION TO LEASE AGREEMENT

THIS OPTION TO LEASE AGREEMENT (the "**Agreement**") is made and entered into as of this 25 day of July, 2018, by and between OGA Acquisitions, LLC ("**Landlord**") and Northridge Surgery Center, L.P., a Tennessee limited partnership ("**Tenant**").

WITNESSETH

WHEREAS, Landlord has entered into a letter of intent dated May 8, 2019 and executed on May 9, 2018 (the "**LOI**") for the purchase of approximately 1.87(+/-) acres of unimproved land, as approximately depicted on **Exhibit A** attached hereto and incorporated herein by this reference, such land being a portion of the 17.805 acre tract (Tax Parcel No. 145-044.02-000) shown on the plat titled "First Re-Subdivision of Indian Lake Village Phase 8-Section A Lot 41" recorded in Plat Book 29, Page 321 of the Sumner County Register of Deeds Office, being located on Saundersville Road in Hendersonville, Sumner County, Tennessee (the "**Property**"); and

WHEREAS, Landlord desires to enter into an option with Tenant whereby Landlord grants to Tenant the option to lease a build-to-suit development to be operated as a licensed, freestanding ambulatory surgery center (the Property and such build to suit development are referred to herein as the "**Project**"), which option must be exercised as set forth below.

NOW, THEREFORE, for \$10 cash in hand paid and in consideration of the mutual promises set forth herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1
GRANT OF OPTION

1.1 Landlord hereby grants to Tenant an exclusive option to lease the Project, upon the terms and conditions set forth herein (the "**Option**").

1.2 The term of Tenant's Option shall commence on the date hereof and expire on November 21, 2018 (the "**Option Period**").

1.3 Tenant shall exercise its Option by delivering written notice to Landlord within the Option Period by overnight courier service, via electronic mail, or in person, time being of the essence with respect to delivery of such notice.

1.4 Notwithstanding the foregoing, the Option shall automatically terminate if Tenant is not successful in obtaining from the State of Tennessee Health Services and Development Agency a Certificate of Need to establish an ambulatory surgical treatment center at the Project.

SECTION 2
TERMS AND CONDITIONS OF THE LEASE

2.1 Upon Tenant's exercise of the Option, Landlord and Tenant shall execute a formal lease agreement for the Project on terms and conditions contained in this Agreement and as mutually agreed upon by them in their sole discretion (the "***Lease***"). The annual base rent will be 8.25% of total actual project costs of acquiring the Property and development and construction of improvements on the Property (collectively, the "***Project Costs***"). The exact amount of annual base rent cannot be calculated until the Project Costs are finally determined after the Project is complete. With estimated Project Costs of \$8,346,758, the annual base rent for the Project will be as follows:

Year	Annual Rent	Per SF
1	\$645,600	39.13
2	\$663,276	40.20
3	\$681,444	41.30
4	\$700,120	42.43
5	\$719,316	43.59
6	\$739,048	44.79
7	\$759,330	46.02
8	\$780,179	47.28
9	\$801,609	48.58
10	\$823,636	49.92
11	\$846,278	51.29
12	\$869,552	52.70
13	\$893,475	54.15
14	\$918,066	55.64
15	\$943,342	57.17
Total Rent	11,784,272	

SECTION 3
MISCELLANEOUS PROVISIONS

3.1 This Agreement, and the terms, covenants, and conditions herein contained, shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the parties hereto. Landlord may, without Tenant's consent, assign its rights under this Option to an entity that is at least 50% owned by Bond E. Oman and/or Thomas C. Gibson after which Landlord will be released from liability under this Option.

3.2 Landlord's obligation under this Option shall be conditioned upon (i) Landlord's closing on its purchase of the Property, and (ii) the Lease being executed by Landlord and Tenant, in each case upon terms and conditions that are acceptable to Landlord.

Additional
Information
July 26, 2018
4:01 P.M.

3.2 Any notices required or permitted herein shall be addressed as follows and delivered to the other party by either registered or certified mail, facsimile, or in person:

If to Landlord:

OGA Acquisitions, LLC
2932 Foster Creighton Drive
Nashville, Tennessee 37204
Attn: Thomas C. Gibson
Facsimile: 615-467-0479
E-mail: tgibson@oman-gibson.com

If to Tenant:

Northridge Surgery Center, L.P.
c/o USP Tennessee, Inc.
15305 Dallas Parkway
Suite 1600
Addison, TX 75001
Attention: Chief Legal Officer
E-mail: _____

With a copy to:

United Surgical Partners International, Inc.
15305 Dallas Parkway
Suite 1600
Addison, TX 75001
Attn: James Bowden, Senior Corporate Counsel, Development
E-mail: _____

[Remainder of Page Intentionally Left Blank; Signatures Commence on Following Page]

Additional
Information
July 26, 2018
4:01 P.M.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

LANDLORD:

OGA ACQUISITIONS, LLC

By: 

Bond E. Oman, CEO

TENANT:

NORTHRIDGE SURGERY CENTER, L.P.

By: Saint Thomas/USP Surgery Centers II, LLC,
Its General Partner

By: _____

Name: _____

Title: _____

Additional
Information
July 26, 2018
4:01 P.M.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

LANDLORD:

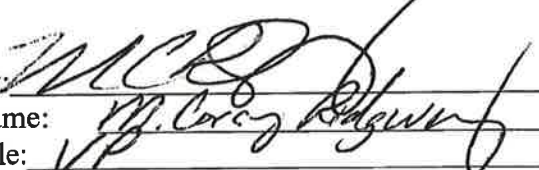
OGA ACQUISITIONS, LLC

By: _____
Bond E. Oman, CEO

TENANT:

NORTHRIDGE SURGERY CENTER, L.P.

By: Saint Thomas/USP Surgery Centers II, LLC,
Its General Partner

By: 
Name: _____
Title: _____

20180726

Additional
Information
July 26, 2018
4:01 P.M.

EXHIBIT A

PROPERTY

